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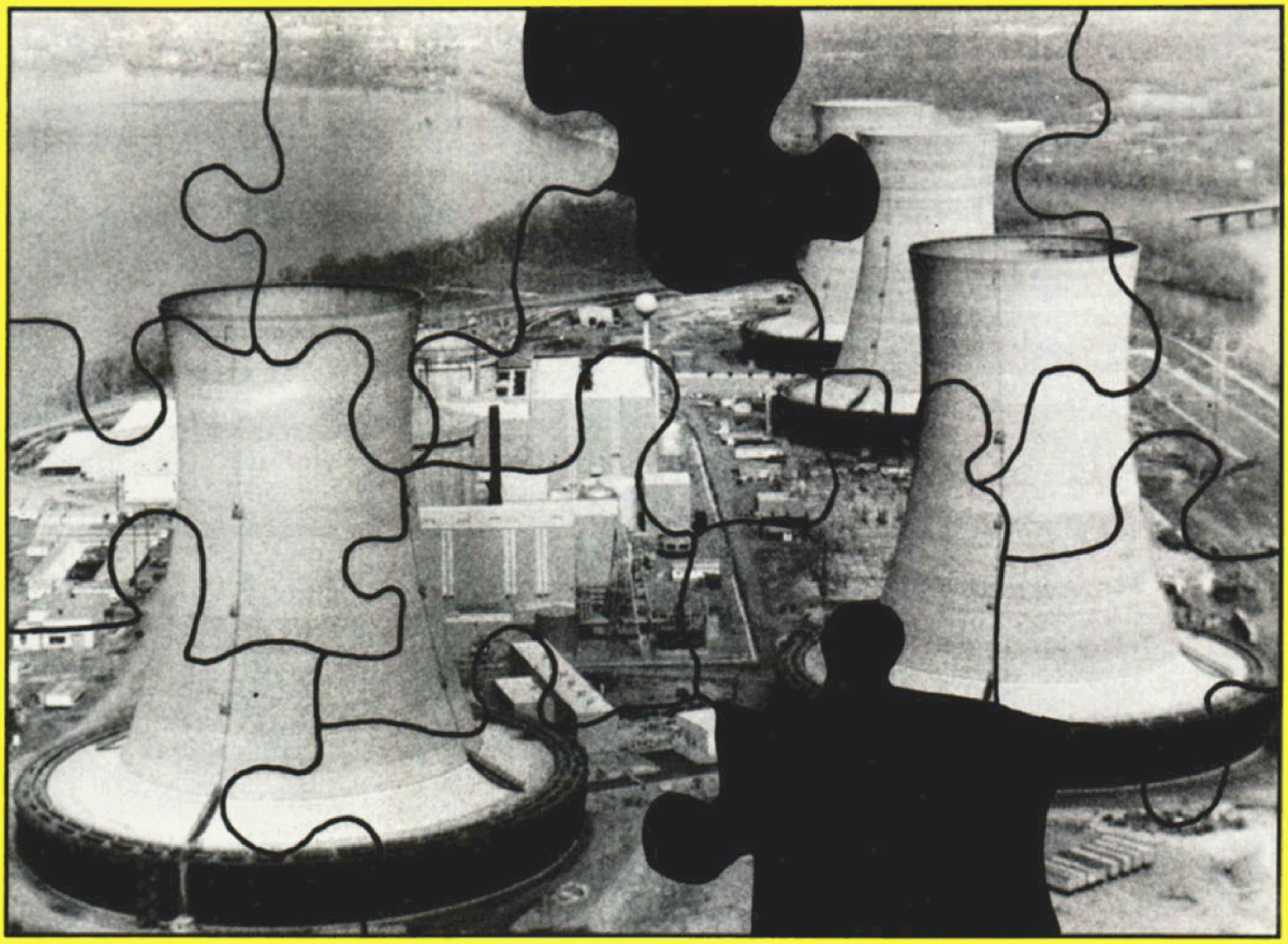

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THE FASTEST GROWING CHURCH IN THE WORLD

by Brother Keith E. L'Hommedieu, D.D.

It's quite safe to say that of all the organized religious sects on the current scene, one church in particular stands above all in its unique approach to religion. The Universal Life Church is the only organized church in the world with no traditional religious doctrine. In the words of Kirby J. Hensley, founder, "The ULC only believes in what is right, and that all people have the right to determine what beliefs are right for them, as long as they do not interfere with the rights of others."

Reverend Hensley is the leader of the worldwide Universal Life Church with a membership now exceeding 7 million ordained ministers of all religious beliefs. Reverend Hensley started the church in his garage by ordaining ministers by mail. During the 1960's, he traveled all across the country appearing at college rallies held in his honor where he would perform mass ordinations of thousands of people at a time. These new ministers were then exempt from being inducted into the armed forces during the undeclared Vietnam war.

In 1966 Reverend Hensley was fighting the establishment on another front. The IRS tried to claim the ULC wasn't a legal church and proceeded to impound the ten thousand dollars in the church bank account. The feisty Hensley filed suit against the IRS in federal district court for return of the funds and to permanently establish the ULC as a legal tax exempt entity. On March 1, 1974 Judge James F. Battin ruled against the IRS in his decision which stated, "Neither this court or any branch of this government will consider the merits or failacies of a religion. Nor will the court praise or condemn a religion. Were the court to do so, it would impinge upon the guarantees of the First Amendment." The judge then ordered the IRS to return the impounded money and to grant the Universal Life Church its tax exempt status.

Reverend Hensley has stated that he believes a church is people and not just a fancy building. He also believes in total freedom and equality for all people. The ULC will ordain anyone without regard to religious beliefs, race, nationality, sex or age.

The ULC's success formula is both effective and unquestionably legal. After a person has become an ordained minister, he or she can join with two other people and form their own Universal Life Church. These three people then make up the Board of Directors consisting of a Pastor, a Secretary and a Treasurer. The ULC will then grant the group the use of its legal church charter complete with both federal and state tax exempt numbers. The newly formed church may then open a bank account in the church's name. Any member of the church can legally donate up to 50% of his or her outside income to the church and take a corresponding tax deduction. The church in turn can pay the complete housing cost of its minister including rent or mortgage payment, insurance, taxes, furnishings and repairs. The church can also provide the minister with full use of an automobile as well as pay for travel and educational expenses. None of these expenses are reported as income to the IRS. Recently a whole town in Hardenburg, New York became Universal Life ministers and turned their homes into religious retreats and monasteries thereby relieving themselves of property taxes, at least until the state tries to figure out what to do.

Brother L'Hommedieu is Chairman of the Board of Trustees of the Sacerdotal Order of the Universal Life and serves on the Board of Directors of the International Universal Life Church, Inc.

Churches enjoy certain other tax benefits over the common man on the street. For instance, a church can legally buy and sell real estate or stocks and bonds completely tax free. It can receive tax free income from bank deposits or mortgages. Many churches own large publishing, recording, or other related businesses like hospitals, clinics and schools without paying any income tax.

A church can sponsor any kind of fund raising event such as a concert, play or even bingo. Churches are also exempt from paying inheritance taxes. When the pastor of the church dies, the Board of Directors simply appoints a new pastor and the church goes on.

Reverend Hensley has stated that he personally doesn't believe in the tax exempt status of churches. However, if the government is going to give a free ride to Billy Graham and the Pope, then why not let everybody participate in these blessings. Furthermore, he backs his words up by offering to defend in court the tax exempt status of his congregations.

Since the church was founded in 1962, it has attracted members who are movie and TV personalities, businessmen, government officials, lawyers, and doctors as well as all types of regular working people. During the last 15 years the Universal Life church has blossomed into a full blown grass roots populace movement. Reverend Hensley is ordaining ten thousand new ministers a week and predicts that the church will have over 20,000,000 members by the early 1980's. In addition, requests for interviews and TV appearances continue to pour in.

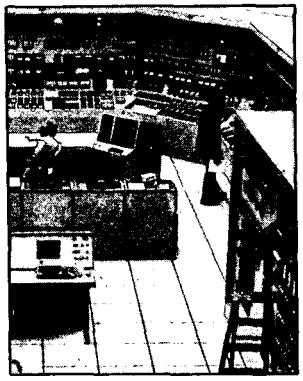
Anyone who is a member of the ULC will tell you that the ULC is destined to change the world. By unifying mankind into a brotherhood of freedom orientated individuals, each respecting the other's right to live life as they see fit, the Universal Life Church hopes to put an end to all wars. Reverend Hensley admits that this is a pretty monumental task to accomplish, but he also points out that he is already well on the way to reaching his goal.

Rev. Hensley invites all those interested in becoming an ordained minister and receiving complete information and Minister's Credentials, to send a $10.00 tax deductible donation to the Universal Life Church, 1335 Seabright Ave., Dept. **805**, Santa Cruz, CA 95060

August 1980/Vol. 12, No. 4

reason

A forum for analysis and commentary, with an emphasis on individual liberty.



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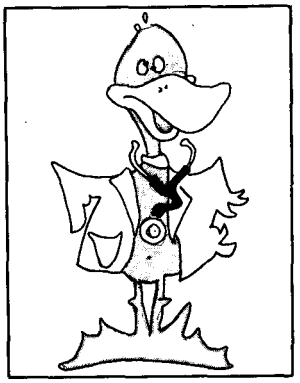

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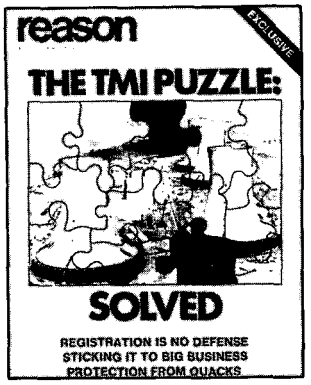

Cover by Nanette Boyer
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BACK ISSUES: Write for back issue list for current prices. Volumes 1-4 are available on microfilm from University of Southern California Library Micrographics Dept., University Park, Los Angeles, CA 90007. Volumes 5 and up are available from Xerox University Microfilms, 300 North Zeeb Road, Ann Arbor, MI 48106. Indexed in *Historical Abstracts* and *America: History and Life.*

editor's notes

• **EDITORS' ACTIVITIES.** Robert Poole's book, *Cutting Back City Hall,* finally appeared in May. In recent months Poole has spoken at a number of conventions and conferences on the theme of the book, privatization of local public services. On June 2, his essay on privatization vis-a-vis the tax-cutting movement appeared in the *New York Times.*

Poole has also been speaking and writing on other issues. In March he appeared on a panel on the Moon Treaty at the annual Goddard Conference of the American Astronautical Society. That month he was also elected to the Board of Directors of the Santa Barbara Futures Foundation, a local public policy educational organization. He and associate editor Marty Zupan have also been active in the Community Research Council, a local citizens' group studying housing issues.

Senior editor Manuel Klausner is serving as chairman of the Committee for Educational Tax Credits, a group attempting to qualify such a measure for the California ballot. In April he addressed the Chancery Club, a group of prominent Los Angeles attorneys, on the topic of libertarianism. That month he also served as moderator for the Reason Foundation/Liberty Fund Symposium on Virtue and Political Liberty. And in May he spoke at the Constitutional Rights Foundation's Law Day program.

REASON's other senior editor and the Reason Foundation educational programs director, Tibor Machan, served as director of the Virtue and Liberty conference, by all accounts a highly successful and intellectually stimulating affair. He has also been busy setting up the Foundation's summer seminar in legal and moral philosophy, which began in mid-June. During the spring quarter, Machan taught another course, on the history of economic thought, to economics students at the University of California at Santa Barbara. His *Human Rights and Human Liberties* book is being translated into German by Philosophia Verlag, Munich.

• **REVISING REVISIONISTS.** If you want to know why today's generation of college students and young adults seems to have no conception of the notion that "eternal vigilance is the price of liberty," it helps to know that such republican precepts have been systematically snuffed out by 20th-century history textbooks. A good overview of this process is Frances Fitzgerald's *America Revised: History Schoolbooks in the Twentieth Century* (Little, Brown) and a masterful summary is Walter Karp's interpretive review in the May *Harper's.* Karp minces no words when he concludes that the record demonstrates that "a powerful few, gaining control of public education, have been depriving the American republic of citizens, and popular government of a people to defend it. And the American history textbook, so innocent-seeming and inconsequential, has been their well-chosen instrument."

• **ALTERNATIVE CONSUMERISM.** If you've ever been troubled by *Consumer Reports'* persistent bias toward government intervention in the name of consumer protection, you may be pleased to learn of an alternative. For some 50 years there has been a little-noticed but fairly well-done competitor called *Consumers' Research.* Now, in a move that could be significant, the magazine has taken on a new publisher—conservative columnist M. Stanton Evans—who promises to broaden the magazine's scope to include consideration of public policy issues affecting consumers. Unlike its better-known competitor, however, Evans's magazine will not look to government intervention as the consumer's salvation; indeed, it will look skeptically at such efforts (as in its May report on automobile air bags). Those interested should contact Consumers' Research, Inc., Bowerstown Road, Washington, NJ 07882 ($15/year).

• **CARTOON KUDOS.** Cartoonist John Trever, whose work graces our Brickbats or Trends pages, has won the 1979 Sigma Delta Chi Distinguished Service Award for editorial cartooning. His winning entry consisted of six cartoons dealing with the Ayatollah Khomeini, the gasoline crisis, nuclear power, and other current affairs topics. The award was presented at a ceremony in Seattle on May 10.

• **NEW STAFFERS.** We are pleased to welcome to the Reason Foundation staff a new office manager, Cynthia (Cindee) Huff. A native Texan, Cindee comes to us from *Robotics Age* magazine in Los Angeles, where she was office manager and production manager. Also joining the staff is our new Spotlight columnist, Patrick Cox. A free-lance writer, Cox holds a bachelor's degree in economics from Boise State University and has written a book explaining the free market to children. He is currently at work on his second book, on immigration policy.

—R. P.

Wage Your Own Personal Tax Revolt

Like the early pioneers who started this country, many people are rebelling against the near confiscatory taxation at all levels of government. The federal government consumes the taxpayer's cash at the rate of over $800,000 per minute, and the amount that is wasted is scandalous. The citizens are mad as hell and they're not going to take it any more.

There is but one answer left!

The U.S. was founded by a group of individuals who rebelled against the oppressive policies of King George in England. Today, this same spirit of independence, a uniquely American phenomenon, underlies a growing displeasure with government tax and spending policies. This viewpoint is a healthy sign. Our society can remain the freest and most prosperous in the world if government power is held in check by us, the citizens who make up the country. Recent passage of laws (such as Proposition 13) are an indication of a growing wave of protest against wasted tax dollars. The effort is getting stronger and more vehement every day.

The largest tax each one of us pays is Federal Income Tax. Yet, the largest corporations and the wealthiest individuals often pay the least amount of tax. According to an article in a leading newsletter, 17 huge corporations paid no federal income tax in a recent year, although they had a world-wide income of $2.5 billion. Numerous tax loopholes were used. The list includes United States Steel, Bethlehem Steel, Armco Steel, General Dynamics, Singer, Phelps Dodge, American Airlines, Philadelphia Electric and The Chase Manhatten Corporation. The burden caused by these non-taxpayers must be assumed by "somebody." "Somebody" is always the wage earner. There is, therefore, a major inequity under the law which favors the wealthy and, most especially, corporations. In America today we have what could be called a "Corporate Society."

Some individuals have become so upset with these startling inequities, they have stopped paying taxes and have in many cases even ceased to file tax returns. This approach, however, is frought with danger and has resulted in stiff fines or prison sentences when the government locates and prosecutes the courageous individuals.

You Can Become Part of "The Corporate Society"

Rather than break the law and suffer serious consequences, there is a safer and more viable alternative. You can use the same type of smart thinking as those who own and control great wealth. The big corporations are not necessarily immoral. However, they do get the best advice available on tax matters.

You, as an individual, can now use all the tax loopholes for your own self interest. Thus, you legally gain the advantages yourself as do the huge corporations. Rather than break the law, you can use it to your advantage. Perhaps the best way to accomplish this, as well as reduce your tax burden is through incorporation, the legal form of tax rebellion.

Surprisingly enough, the government encourages incorporation with a number of favorable laws, especially in the area of taxation. In fact, it is rare to find a successful individual who is not incorporated. Incorporation is favored by nearly all millionaires. It is one of the causes of wealth, not its effect. Think about it. Can you think of a single wealthy individual who doesn't own and control his own corporation? It is rare indeed. Let's face it, the first step toward achieving the American Dream in our corporate society is probably incorporation.

To add even more impetus to the idea of starting your own corporation, passage of the recent Revenue Act makes incorporation the ultimate tax shelter. This act and the earlier ones close the door to practically all other tax shelters and loopholes. The tax rate on corporations (especially smaller ones) has been substantially reduced, to as low as 17%.

Favorable laws such as the investment tax credit are most helpful when buying equipment. Even if you incur losses in one year you can deduct those losses over several profitable years.

More Advantages. . .

You can set up a corporate medical plan wherein you deduct from your taxes every dollar spent on medical and dental care, drugs, and health insurance for yourself and your family. You can also get tax deductible group life insurance even if the "group" consists of only one person.

It is important to note that potential tax savings are not the only reason to incorporate. Another chief value is that it limits your liability to the assets of the corporation in the event of a lawsuit. If you do business as an individual or partnership, you can be sued personally, which could put your house and other assets in jeopardy

You can put more money (25% and more of income) into your corporation pension plan. This is more than a traditional "Keogh" plan which has a maximum contribution of $7,500 a year, or even an I.R.A., where the maximum that can be sheltered under special circumstances is only $1,750.

In these times of growing inflation and periodic ups and downs of the econmy, your own corporation is probably the only way that you may maintain control over your economic destiny. And you can often benefit from incorporation without leaving your present job. More about that in a moment.

You Can Incorporate Simply, Easily and Inexpensively.

Up until now, throughout the majority of history, incorporation had one major drawback: high legal fees. Lawyers today charge stiff fees, up to $2,500 for incorporation. The truth is that you can easily incorporate yourself for under $50. A remarkably easy and inexpensive method of incorporating is contained in a book called *How To Form Your Own Corporation Without A Lawyer For Under $50.* It comes complete with all the tear-out forms required to start your own corporation . . . minutes . . . bylaws . . . everything you will ever need. The author, Ted Nicholas, has helped thousands of people start their own corporations and has saved them millions of dollars in the process — and many millions more in taxes.

It is very easy, and we will show you how. We'd like to send you a copy of *How To Form Your Own Corporation Without A Lawyer For Under $50* for a free thirty-day trial — without risk or obligation on your part. If, for any reason, you're dissatisfied, simply return it for a full refund of your purchase price. We'll also send you a free bonus: The Income Plan -- an astounding report that tells you exactly how to turn your present career into a tax-sheltered corporation. The Income Plan – a $9.95 value -- is yours to keep *absolutely free*, even if you decide to return the incorporating system.

To receive your copy of *How To Form Your Own Corporation Without A Lawyer For Under $50,* write your name and address on a piece of paper along with the words "Corporation Book & Bonus" and send it with your check or money order for $14.95 to Enterprise Publishing, Inc.. 725 Market Street, Dept. RE-08C , Wilmington, Delaware 19801. Send for the system now. Let us help you wage your own personal tax revolt. Important note: The full price of the book is tax deductible. Act Now!

C1121

"Over and over again courts have said that there is nothing sinister in so arranging one's affairs as to keep taxes as low as possible. Everybody does so, rich or poor; and all do right, for nobody owes any public duty to pay more than the law demands; taxes are enforced exactions, not voluntary contributions. To demand more in the name of morals is mere cant." **Judge Learned Hand**

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Insuring Nuclear Safety

editorial

The Three Mile Island accident has led to a welcome reassessment of the system which supposedly makes sure that nuclear power plants are designed, built, and operated safely. And while all five major studies of how TMI happened have concluded that nuclear power generation should continue, their findings on safety mechanisms are cause for alarm.

The most important study was that of the President's Commission, headed by John Kemeny. What it found was a Nuclear Regulatory Commission that is incompetent to the task. Prior to TMI, "there was no systematic method of evaulating [plant operating] experiences and looking for danger signals of possible generic safety problems." Supervision of safety issues is "confused, inadequate, and haphazard." The mind-set of those supervising nuclear safety is dangerously flawed; an attitude of complacency prevailed before TMI.

These findings were echoed two months later by the Rogovin report, commissioned (at a cost of $3 million) by the NRC itself. The NRC, it concluded, is "not so much badly managed as it is not managed at all." There are "many institutional disincentives to safety." Once again, Rogovin found "an attitude of complacency pervaded both the industry and the NRC."

What about the myriad NRC rules and regulations? According to the Kemeny report, "The existence of a vast body of regulations by the NRC tends to focus industry attention narrowly on the meeting of regulations rather than on a systematic concern for safety." Added the Rogovin report, many utilities "regarded bare compliance with NRC minimum regulations as more than adequate for safety."

If those charges sound disturbingly familiar, well they should. Precisely this same tale of bureaucratic incompetence, inability to identify potential hazards, and the substitution of mountains of regulations for meaningful safety efforts applies in full measure to the Federal Aviation Administration (see "Is This Any Way to Run an Airway?" REASON, Jan. 1979). The most recent assessment of the FAA, by the General Accounting Office, found that the agency *lacks* "effective systems for identifying safety hazards, a comprehensive planning process to address safety issues, an adequate system for planning and approving individual safety programs, a proper system of controls to govern the implementation phase of safety projects, or sufficient evaluation of safety programs and projects."

Yet in the light of these facts, what remedy did both Kemeny and Rogovin urge? The replacement of the independent Nuclear Regulatory *Commission,* made up of five commissioners, with a nuclear regulatory *agency,* headed by a single administrator and located in the executive branch of the government. In other words, an agency modeled explicitly after the FAA! Among those supporting a nuclear agency modeled after the FAA and EPA is consumer advocate Ralph Nader. "You always want to go that way," he told reporters last fall. "That's how you focus responsibility and accountability."

Yet what Nader, Kemeny, and Rogovin have all missed is the underlying *reason* for the failure of our nuclear safety regulatory system. It is not the lack of a dictatorial administrator or adequate funding. It is rather, as Adam Reed points out in this month's cover story (p. 16), the lack of the feedback mechanism provided in other fields by the insurance industry. In other complex, risky process-control operations (oil refineries, chemical plants, etc.), insurance company safety experts work cooperatively with plant designers, builders, and operators to ensure that the very best safety technology is employed. They have every reason to do so—their own money is at stake. And those who *don't* cooperate fully pay the price in higher accident risks and higher insurance premiums.

In the nuclear industry—as Dr. Reed makes disturbingly clear—this vital feedback of information has not existed. Because the *government* has assumed responsibility for safety standards and inspection (and has taken on the principal insurance role, as well), what exists instead is an *adversary* relationship. Utilities must obey every jot and tittle of NRC regulations —or *else*. The stick (of NRC license revocation) has been substituted for the carrot (of lower insurance rates). And the tragic results are that bureaucratic minimum standards become maximum standards, and even those are evaded at times, since the NRC must *prove* violations in order to take action.

No, the answer is not to replace a commission bureaucracy with an agency bureaucracy. It is, instead, to turn the safety standard-setting and enforcement process over to the private sector—just as has always been done in the other process-control industries. By abolishing the NRC and repealing the government insurance program (the Price-Anderson Act), normal market mechanisms would come into play. A safety standard-setting organization, reporting to the insurance industry, would motivate compliance with state-of-the-art standards by appealing to the self-interest of reactor designers, builders, and operators.

Impractical? Fanciful? Guess again. In January the prototype of just such a mechanism was created by the utility industry. A new organization called the Institute for Nuclear Power Operations was set up in Atlanta with an $11 million annual budget. INPO is developing safety criteria for the operation of nuclear power plants. It will provide operator training courses and emergency management capabilities. And it will conduct an annual inspection-audit of each participating nuclear power plant.

But the key to making INPO work is the link with insurers. Two such links are in prospect. The first, about to be implemented, will link compliance with INPO inspection and recommendations with eligibility to participate in an insurance pool to cover the cost of replacement power in the event a reactor is disabled. Up till now no such insurance has been available, but the pool has just been organized on an industry-wide basis.

Once this INPO-insurance link is functioning, the next step —*already being considered by insurers*—would be to use INPO audits for setting rates for liability and property damage insurance. That would close the loop which decades of federal regulation have left gapingly open.

The scientific consensus supports nuclear power as a practical, efficient, and potentially safe method of producing electricity. What is urgently needed is to create an institutional framework that will motivate the effective use of the best available safety technology. The present bureaucratic framework has failed to do the job. A private, marketplace framework *could* do it, as it is already doing for oil refineries and chemical plants. The time to act is now.

Robert Poole, Jr.

letters

Who Holds Sway Over the FDA?

Regarding your article on the FDA and human body glue (May), the most startling inconsistency of the FDA which authors seem to miss is that the FDA denies use of a well-studied item for medical purposes shown to have a high safety factor but permits countless items in food additives, colors, and flavors with well-known adverse effects for a huge part of the population. Not only do they allow them, the FDA does not even require that many of these items be stated on the label, causing hardship (and illness) for many.

With food additives, they lower the public health; and by withholding medications, they obfuscate the cure. One can speculate on whose side the FDA stands.

Jack P. Prince, D.D.S.
Tacoma, WA

FDA Diagnosis

Mr. Mathisen's alarmist treatment of the cyanoacrylate debacle (May, "Whatever Happened to Human Body Glue?") was well-researched but illogical. Everybody loves a good old-fashioned bit of muckraking, especially when it involves that lumbering scapegoat, Uncle Sam, and comatose bureaucracies like the FDA. However, credit (and blame) should be laid at the feet of those ultimately responsible for such unfortunate occurrences.

As a regulatory agency, the FDA follows the congressional mandate originally created by the Food and Drugs Act of 1906, and later by the Food, Drug and Cosmetic Act of 1938. Granted, that agency has interpreted the law in a questionable manner at times in the past. However, the many benefits afforded American consumers by the FDA go unheralded. The author's attitude seems to be that Americans enjoy the best health care in the world *in spite of, rather than because of,* the FDA's efforts.

Mr. Mathisen states, "Americans believe they can make responsible assessments of risk independently of government." Such ludicrous statements are common among the uninformed, regardless of the issue. If the lay public and consumer groups were responsible for such decisions, the American health care system would degenerate into a national swap meet of second-rate pharmaceutics and practices of dubious value. If "today's...enlightened, educated public" feels the FDA's actions are "detrimental to (their) health, safety, and general welfare," I assert most Americans, including the author, are ignorant of the benefits of FDA actions. Consider the plight of people living in underdeveloped countries in which those few pharmaceutics available, if not made in the US or another such country, are poorly formulated, manufactured, and labeled.

If we must throw stones because of bureaucratic bumbling, cast them at Congress. It was that hallowed body that originated the Act, that spawned the now-infamous Delaney Amendment outlawing *any* carcinogenic substance in food or drugs (especially pertinent in the case of cyanoacrylate), and that now sits with ears deaf to the outraged cries of the American public and medical community. Just as one would not logically vent frustration on a law officer for enforcing the law, Americans cannot logically assail the FDA for enforcing laws that are perhaps now antiquated.

Paul W. Pratt, V.M.D.
Santa Barbara, CA

Who's Guilty in Iran?

I was amused at Rothbard's "Collective Guilt in Iran" (Viewpoint, Mar.), wherein he condemned Americans for being angry that American territory and personnel had been seized in Tehran. In a nutshell, his thesis is (*a*) we should not blame all the Iranians for the crisis, (*b*) Americans are racist, arrogant, hysterical, jingoist, irrational, imperialist warmongers. Far from living up to Rothbard's 1960s' image of the United States, the latter has behaved with an overabundance of restraint to what amounts to an act of war. Furthermore, it is the Iranians themselves who have poured collective guilt (and insults) on Americans, using the same words as Rothbard's above. Iranians in America, instead of keeping a low profile, have chosen to break our laws, gloatingly supporting the seizure in rallies, and otherwise rubbing our noses in it—and Mr. Rothbard is upset that we are angry with them. Yet, even with all of the above, they have been allowed to depart peacefully (in contrast to the government-sanctioned looting mobs that greeted the departure of Americans in Iran), and asylum has been granted to many who asked for it.

It is curious that he did not criticize the Tehran seizure—almost the whole world has—nor any of the somewhat irrational actions emerging from that bastion of libertarianism. And what is the purpose of the hostages? Ostensibly, the hostages were seized in order to trade them for the shah (blackmail), yet neither the Bahamian, Panamanian, nor Egyptian embassy has been seized, even though the shah has been there for medical treatment. Why? In 1968, the *Pueblo* was seized by North Korea with the purpose of withdrawing troops from Vietnam into Korea just before the Tet offensive (the US thus having a two-front war). The Tehran provocation would have, ideally, resulted in American military action, thereby providing a justification for peace-loving Russia to have invaded Afghanistan, in order to protect it from Yankee imperialism—having also been invited by the Afghan dictator (just so he could get himself murdered by the Russians). Ideally, again, no international objection would have resulted, and the ayatollah's government would have then crumbled under American action, resulting in a vacuum of power with the Marxist faction possibly stepping in. Khomeini, not playing with a full deck, has repeatedly given the impression that he would welcome an apocalyptic bloodbath. Keep in mind further that it is the Communists themselves who have a long history of violating international law, including the murder of diplomats.

The perpetrators of the hostage crisis probably did not expect that the harshest American action would be an infantile mailing of X-mas cards (again, remember Rothbard's view of Americans). The obvious solution to the crisis would have been a lightning-like rescue à la Mayaguez and Entebbe instead of the one-half-year wait. That would have been the

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The L.T. PATTERSON STRATEGY Letter

PSL

Retief solution. However, "negotiations" is the order of the day, since it has proven time and again to be the security blanket of the unimaginative and has had a long and proven history of successes: Munich, Yalta, SALT, Paris Peace Accords. Now, we are left with the options of abandonment, limited war, major war, embargo, blockade, paying ransom, or counter-blackmail (i.e., "return our people or Iran glows at night"). I know Rothbard is opposed to any measures that will inconvenience Iranians opposing the embassy seizure, but does he have any practical solutions?

Armando Simón
Houston, TX

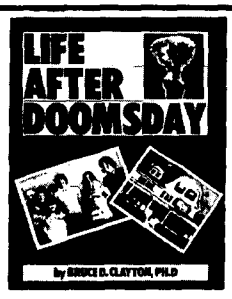
Whose Prosperity Counts?

I read Tibor Machan's editorial in the May issue with great interest and, for the most part, agreement. However, I became puzzled with the statement that the most powerful, yet unchallenged, premise feeding the anti-business clique is the view that "it is wrong for human beings to seek to prosper in their lives because we all have a duty to enhance, first and foremost, *others'* lives." Sure, the idea that it's wrong to seek to prosper personally is silly, to say the least. But isn't the whole idea of commerce *to prosper personally through serving the needs of others?* I mean, the only way I know of to prosper with*out* serving the needs of others (and getting paid for it) is by the use of force—as in robbing a bank or creating confiscatory tax policies.

I should think it would be obvious that the anti-business people are using the premise as quoted as a smoke-screen to hide their real motivations—envy at the prosperity that comes of serving others and the desire to serve self without serving others. This being the case, wouldn't the cause of liberty and commerce be better served by taking back the premise that we have a duty to enhance the lives of others, dusting it off, and reconnecting it with its other half, "that ye may prosper in the land" than by challenging it?

Theresa Holmes
Romulus, MI

Mr. Machan replies: It is true that *usually* my own prosperity will be gained by providing what some others desire. But suppose I am an artist—a good one—whose work is totally unappreciated by those around me? My true prosperity under these circumstances may well consist in pursuing my artistic excellence in spite of the material hardship occasioned by my not serving the present needs of others. But even if there were no such counter-examples, I still maintain that the cause of liberty would not be helped by focusing on the way in which human beings prosper and turning that into a duty. Because then, one would be open to this line of argument: since each person's primary duty is to serve the needs of others, each should be able to keep, from the proceeds of such service, only so much as is essential to staying alive and fit enough to continue in the service of others; the "excess" must be turned over to others, who are, after all, the primary objects of our moral attentions. That, I submit, spells the opposite of liberty.



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Small-Scale Energy

I was pleased to read "Gasohol: The 10% Solution" in your January issue. The State of Arkansas has offered a substantial incentive to the production of gasohol in the state, a full exemption from the 9.5 cent per gallon motor fuels tax for gasohol produced from farm or forest products. The first gasohol plant in the country, using the Chambers process, recently opened in Van Buren, Arkansas, and will be producing about 3 million gallons of alcohol per year. We anticipate many more plants in the coming years.

Your comments on energy balances were to the point, but I would like to add an additional perspective on this issue. The economics and net energy balance of large-scale alcohol facilities may differ substantially from small on-farm systems. Imagine, for example, a farmer using corn to produce alcohol on the farm, feeding the distilled dried grain to his cattle, and using the cattle manure in an anaerobic digester to produce his methane gas to operate the alcohol installation. "Energy balance" in such a system takes on a whole new meaning. I suspect that many farmers will be more impressed with the products of this kind of system than theoretical "energy balance" equations might otherwise indicate.

Paul F. Levy, Director
Arkansas Department of Energy
Little Rock, AR

Desegregation Reply

I fear that you have missed my point with your summary of a news story concerning my testimony in the San Bernardino school case (Trends, May). I have never considered court-ordered school desegregation as constituting "might." In many districts it still poses the only worthwhile means of gaining compliance with the *Brown* decision. In many other districts, however, it should not be the method of choice. San Bernardino and Los Angeles are two districts where more attention to black schools would be a more viable alternative.

Derrick Bell, Professor of Law
University of Washington
Seattle, WA

Moral Objections

I do not expect ever to challenge Tibor Machan on moral philosophy or even to challenge his contention that libertarians need a "clearly conceived and articulated moral frame of reference." However, I think it is time to blow the whistle when he insists that everybody who tries to write on any aspect of freedom must articulate such a frame of reference as a part of his presentation. This is what he seems to be saying in his review (Apr.) of Milton and Rose Friedman's book and television series, *Free To Choose.*

I am not defending the mistakes the Friedmans made in their effort to show that the free market achieves the statists' declared goals better than the statists' own declared means. I agree with some of Professor Machan's criticisms, and I have others that he overlooked. What I am objecting to is misplaced purism, of which Professor Machan's demand for an articulated moral framework for all libertarian efforts is but one minor example.

(Continued on p. 49.)

brickbats

☐ **Here it is,** the news story you've long suspected. A well-known nationally circulated American monthly, under the headline "F.B.I. Nabs Senate, House," reports in its June issue: "The FBI has announced that it possesses 'incontrovertible evidence' linking some 535 public officials with such criminal acts as vote buying, influence peddling, libel, slander, fraud, and misuse of public funds. The alleged criminals, known collectively as 'Congress,' are expected to be summoned before a grand jury sometime this fall.

"While many Justice Department officials were openly triumphant over the successful culmination of the 'Congressting' operation, there were those who voiced misgivings about its implications.

"'It creates a false public image,' said one attorney. 'They get the impression that everyone in government is corrupt. Sure, there are a few rotten apples: Congress, obviously. The departments of energy, commerce, treasury, state and transportation. The IRS and the executive branch. Many of the courts. A lot of the military. But not everybody is a criminal.' "

The magazine? The *National Lampoon,* which may prompt you to say, "Phooey." But just compare the *Lampoon*'s "News on the March" feature, for example, with the factual content in any Jimmy Carter press release.

☐ **A bill to repeal** the oft-handy "not guilty by reason of insanity" alibi as a defense in criminal transgressions is sailing through the California legislature and may make it into the books. The reform would also deprive the misunderstood elements of society of the excuses of "intoxication" and "diminished capacity." The Dan White murder case in San Francisco, where a crazed county supervisor and former police hero took the lives of two ardent supporters of criminal rehabilitation and leniency for first-time offenders (George Moscone and Harvey Milk), has prompted several liberal Democrats (and born-again law and order enthusiasts) to push the measure.

☐ **Tito is dead.** He was immediately, upon his demise, hailed by President Carter as a "towering figure on the world stage." British Prime Minister Thatcher called him "a great statesman." Queen Elizabeth II dubbed him "a man of outstanding courage and tenacity." French President Valery Giscard d'Estaing praised him as "an international leader who... preserved the liberty and independence of his country." And UN General Secretary Kurt Waldheim mourned him as "a true hero." His real name now quite obscure, Tito earned the name "Tito" from the manner in which he barked out orders to his subjects. The Serbo-Croatian words "ti to, ti to" translate into "you do this, and you do that."

☐ **Pope John Paul II** has ordered all Catholic priests out of politics. The directive came as quite a blow to the fabled Fr. Robert Drinan, who immediately announced his decision not to seek reelection. Congressperson Drinan "very graciously accepted... the intention of his Holiness," according to a high-ranking source (not himself), and claims to have never even considered the notion of defrocking. It is little wonder that the prospect of going to heaven weighs more heavily than the chance to hang out with the Washington 535, yet the Pope's ordinance raises all kind of hopes. If we could only get the America Bar Association to declare that no lawyer shall....

☐ **On the subject** of heaven and hell, nine persons were trampled to death while attempting to catch wind of the Pope while he blessed the soil in Kinshasa, Zaire. The effort by the Polish potentate brought him just short of the record established last year by the slightly more popular rock group, The Who.

☐ **"We have talked** of the communist ideal for so long, and yet the country is so poor and the lives of the people so bitter. What good are ideals? We can't eat them." Oops. Possibly a miscalculation by government planners—which will certainly be corrected with the very next Five Year Plan—is all the disgruntled 27-year-old grumbler of the above curse of socialist vision really meant to attack. But such mean things are being bellowed from the People's Republic of China with regularity. As the *Los Angeles Times* notes, "The growing dissatisfaction with the government is apparent wherever young urbanites gather. At universities, in smoke-filled teahouses, over bowls of steaming noodles in dingy cafes, youthful Chinese pour out their grievances and voice their disappointment that the regime has failed to deliver on many of its promises."

But what of Party doctrine? Class consciousness? Peasant solidarity? "Some people think Marxism-Leninism no longer works," according to a "brutally accurate summary" of China's political crisis in the Shanghai newspaper *Wen Hui Bao.* "They are unwilling to study it any more. In school, political lessons are not well-received. Offices and factories often hold political and theoretical study classes in a happy-go-lucky fashion. To them, they are just occasions for killing time." And a Chinese Communist newspaper itself notes, "People thought that once national policies began to change, they could expect speedy action on their problems and a significant improvement in their living standards. And, of course, they're disillusioned that nothing of the sort has happened."

Politicians not delivering on their promises? They *do* have an inferior system.

☐ **Some nauseating Soviet** slime buckets (that is, the Russian government) have accused Nobel two-timer Aleksandr Solzhenitsyn of being a "fascist," a "traitor," and worse, a CIA stooge. "Operation Solzhenitsyn was launched by the CIA in full opposition to the Soviet order, to that which is dear to all Soviet people," says *CIA against Russia,* a new "book" by Kremlin collaborator Nikolai Yakovlev. If ever you hear some Cro-Magnon utter "takes one to know one," throw this book at 'im.

☐ **Ah, yes, the pyramiding craze.** Naturally, it hit California numero uno—and has baffled the local Keystone corps. The cops have run every which way, pointing out that if some guy wins $16,000 then somebody else (or elses) has got to lose at least $16,000. But, of course, they won't let it go at that. They've got to go and arrest some traders in the marketplace. (You don't want them to mess with murderers and rapists with "diminished capacity" out there in the streets, do you?) They can't really understand why the citizenry doesn't respond to its warnings. "We've gotten excellent publicity and it has had no effect whatsoever," claimed local police bunco squad member Lt. William Mossman. "In the past, you told the public this is illegal and most people took it as good information and realized an endless chain was just that. For some reason we have not been able to make a dent in the problem. It's all over Southern California now."

But back in Washington the real big boys have got to be laughing. They know there's no mystery. Sure it's a scam. Sure some poor folks are gonna lose their shirts. But it *is* a credit to the US government and its long-cultivated powers of persuasion: The Social Security System has finally caught on.

—Thomas Winslow Hazlett

trends

One Step Forward, One Step Back

Federal judge Mariana Pfaelzer ruled in September last year that California cannot collect unemployment insurance and disability taxes from church-operated schools (Trends, Jan.), the first time a federal judge had ruled against the Department of Labor in favor of religious schools. In May, Judge Pfaelzer broadened her injunction to include religious schools that are separately incorporated and schools that are operated either by employees of the church or an association of churches. (The original injunction had included only schools run by a church and not separately incorporated.)

The judge further criticized Department of Labor Secretary Ray Marshall for DOL's interpretation of a 1978 amendment to the Federal Unemployment Tax Act which exempts only those workers who perform "strictly church duties" for more than half of their working time. Pfaelzer said that, "The states must do what he says, and he is wrong.... It is unconstitutional." The case is being fought on First Amendment grounds by veteran constitutional lawyer William Ball of Pennsylvania, who calls it a test case that will probably end up in the US Supreme Court.

On the other hand, the state of New York has set an ominous precedent—attempting to define what constitutes a church—by suing the Life Science Church for allegedly marketing ministers' credentials as a tax-avoidance device. It is requesting that the church be prohibited from operating in the New York area and that its assets be frozen in local banks, to be used in repaying its 5,000 members. New York has further wielded the trendy accusation that Life Science is operating a pyramid scheme by telling members they can earn up to a million dollars by recruiting new members.

Congressional Scoreboard

The Council for a Competitive Economy, a free-market advocate, rated a commendatory editorial in the *Wall Street Journal* for its score sheet on members of Congress based on their pro- and anti-competition voting records. The CCE emphasizes that its stand is *pro-competition* rather than *pro-business* per se. This distinction is most important where, as in the Chrysler bailout, the government interferes in the free market by either regulating *or* subsidizing business.

In its report on members of Congress, the CCE first lists the major bills that were voted on during the first session of the 96th Congress that are relevant to economic competition and recommends a nay or yea. A separate list of representatives and senators follows, with their average voting score based on these bills.

Rep. Ron Paul (R-Tex.) scored highest in the House, with 91 percent of his votes being pro-competition; lowest scorer was Rep. Augustus Hawkins (D-Calif.), with a dismal score of 16 percent. Sen. Gordon Humphrey (R-N.H.) led the Senate with a score of 89 percent; two senators, Paul Sarbanes (D-Md.) and Paul Tsongas (D-Mass.), tied for bottom rank with scores of 17 percent each. The delegations with the best and worst scores, respectively, were: House—Idaho (72 percent), Connecticut (26 percent); and Senate—Utah (84 percent), New York (18 percent).

The Grass Is Greener...

Alaska takes pride in being rightfully viewed as one of the last frontiers of rugged individuality. And despite their solid, almost "square," image, the Alaskans have proven that their concern for the right to control one's own life extends even as far as the use of marijuana in one's home. Law enforcement agencies have a problem with this, though: determining *how much* marijuana a person can grow at home without being under suspicion of growing for the purpose of selling.

Two recent cases say: *a lot.* A grand jury in Anchorage recently refused to indict a gardener who admitted to owning 350 large marijuana plants, equivalent to a 50-pound harvest, or 45,500 cigarettes. Another jury, despite being informed that the defendant grew enough plants to make 20,000 cigarettes, acquitted him when his lawyer argued that the defendant "smokes like a chimney."

This tolerance is backed by the Alaska Supreme Court's 1975 decision that police enforcement against the possession of marijuana in homes is a violation of the constitutional right to privacy. Alaskans can now grow and smoke marijuana at home, although it is still a misdemeanor to use it in a public place and a felony to sell it. Tolerance is further supported by Anchorage superintendent of schools John B. Peper, who says that there was more drug use in the 1960s (when any possession was a felony) than there is today. The school system now relies on vigorously enforcing antidrug rules on school grounds.

Unfortunately, the state administration has introduced a bill to make possession of an ounce of marijuana *anywhere* a felony. If it passes, which is doubtful, it is bound to be challenged as unconstitutional. Alaska's chief prosecutor, Daniel Hickey, laments that "in Alaska there's absolutely no consensus of opinion on anything." Except perhaps individual rights.

The Real Thing—Maybe

When Trends reported in March that the Senate had passed a bill to allow private mining of seabed mineral resources, we didn't anticipate the long arm of Elliott Richardson, US ambassador to the Law of the Sea Conference, descending upon Congress to strangle the House version of the bill in April. Then, when the United Nations conference ended at yet another stalemate, Richardson made an about-face and testified before the House Foreign Affairs Committee to urge the passage of a unilateral mining bill.

So, once again, the committee approved in May, without dissent, a bill establishing the federal regulatory machinery to issue mining permits and sent it off for consideration by the full House. Rep. Jonathan Bingham (D-N.Y.) was confident that the measure would pass, especially since it postpones the actual commercial mining date to 1988.

The UN Law of the Sea Conference is mainly quibbling over a treaty being pushed by underdeveloped countries that would create a monopoly company called the "Enterprise," (which Mr. Spock would call quite illogical) to be controlled by the United Nations. Delegations from industrialized countries such as the United States have been holding out for at least parallel mining rights for private companies.

Truckers Fight California Deregulation

When the California Public Utilities Commission decided last year to abolish minimum freight rates (see Trends, Nov. 1979), it set the California Trucking Association on its ear. The rate deregulation took effect in April, and various portions of a companion deregulation measure on trucking permits have been implemented.

The CTA, however, with the apparent support of Gov. Jerry Brown, appealed to the legislature to protect their industry.

A CTA-backed bill that would have blocked the PUC deregulation—and given the CTA time to come up with a less-generous alternative—passed the Assembly by 63-6 and the Senate by 29-4 but was vetoed by Brown in May. While the bill was working its way through the legislature, eight members of the CTA had filed a federal court suit seeking to block the PUC action and asking for $1 million in damages should it be carried out. This, Gov. Brown whined, showed "a lack of good faith," forcing him to veto the measure.

The CTA, not one to give up its favored position, is now seeking a veto override in the legislature. Judging by the substantial campaign contributions from the trucking association in recent months, as reported by Common Cause, it will probably clear the legislature, to the detriment of manufacturers and consumers who stand to save some $300 million a year from deregulation just in California.

Cutting Labor Costs

Gradual deregulation of the labor market seems to be easing the bite of inflation, reports the *Monthly Labor Review.* Labor costs were reduced last year where state legislatures voted for changes in labor laws.

Some examples of these changes are the elimination or weakening of compulsory retirement laws, the lifting of restrictions on child labor, and the repeal of minimum-wage legislation in Florida along with its moderation in Alabama, Wyoming, Connecticut, New Mexico, and Colorado. To further widen the market for employment, employers in several states were encouraged to allow more-flexible working hours and flexible employment situations.

Curbing OSHA

A bill to severely curtail the Occupational Safety and Health Administration's power to conduct safety inspections has been introduced in the US Senate by an unexpected duo—Sen. Richard S. Schweiker (R-Penna.) and Sen. Alan Cranston (D-Calif.), both long-time liberals. "The reality is that after nine years under OSHA's present regulatory scheme, we are left with no real evidence that it works, and with a bad taste all around from the experience," Schweiker was quoted—another surprise—by syndicated columnist William Raspberry in the *Washington Post.* Joining Schweiker and Cranston as a cosponsor is Sen. Harrison Williams (D-N.J.), author of the original OSHA legislation.

The bill would exempt approximately 90 percent of all workplaces from routine safety inspections. The lucky workplaces are those with above-average safety records, thus freeing the 1,000 OSHA safety inspectors to concentrate on problem places. There are at present about 4.3 million workplaces subject to inspection.

The AFL-CIO is objecting to the proposal. According to a spokesperson, "We feel the bill would result in needless deaths." The AFL-CIO has made defeat of this bill a high priority on its legislative "kill" list this year. The labor campaign will be matched, however, by an equally serious one waged by the US Chamber of Commerce on behalf of the bill.

While Schweiker explains his support of the bill in political terms, saying that OSHA "has become probably the most despised federal agency in existence," Cranston is allegedly cosponsoring the bill to save OSHA from extinction. "The hostility to OSHA is so great that Congress will kill it unless we can make some reforms," his administrative assistant said.

Competitive Care

The concepts of profit and efficiency are reluctantly being allowed into the health care and day care fields, and several examples demonstrate that it's a good thing.

National Medical Care, a Boston-based company, now owns 120 proprietary dial-

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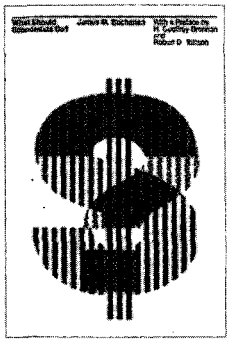

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James M. Buchanan is University Distinguished Professor and General Director of the Center for Study of Public Choice, Virginia Polytechnic Institute and State University. As a founder of the burgeoning subdiscipline of public choice, and as a public finance theorist and father of a modern school of public finance, Buchanan's work has had worldwide recognition.

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ysis centers, treating 17 percent of the country's 48,000 dialysis patients. It also owns a subsidiary that does the laboratory tests on these patients. NMC has been so successful that it is branching out into obesity control centers, psychiatric care centers, and possibly overseas dialysis centers.

It now faces competition from a San Francisco firm, however, that started off with centrally administered psychiatric hospitals in the U.S. and is looking into acquiring a psychiatric hospital in London. The firm, Community Psychiatric Centers, owns and operates 12 psychiatric hospitals in five states with approximately 1,000 beds, and one more with 110 beds. These specialized centers do not need to maintain expensive surgical or emergency units, nor do they need to hire staff other than psychiatric specialists. Costs are therefore usually at least 10 percent less than other local facilities, which are commonly units in a general hospital. CPC has branched into hemodialysis care and is currently operating 23 kidney dialysis centers.

Three other firms offer specialized psychiatric facilities. General hospital-management companies are now looking into the obviously profitable market.

Another rapidly growing market, given the prevalence of two-career couples, is day care centers. The largest operator of private day care centers for children is Kinder-Care Learning Centers, with 500 branches in 31 states. Each center takes care of between 70 and 120 children ranging in age from 6 weeks to 12 years, and charges about $40 per child per week. Kinder-Care has recently acquired a Canadian firm with 88 day care centers. Baby food giant Gerber Products has also entered the day care field and now operates about 30 centers.

The concept of child nurseries in shopping malls, in the meantime, is slowly gaining acceptance. These provide temporary child care while the parent is shopping. Anyone who has ever tried to do intelligent shopping with a understandably bored and fidgety child in tow will certainly welcome the concept!

A Question of Pirates

Who owns the television signals that are sent out over the airwaves in coded form by pay-TV companies? According to the companies, they own these signals and have the right to charge people a monthly rate to rent the decoding device that allows them to make use of the signals.

According to Mackenzie Davis and John Sampson, once the signal is sent out into the air (Congress declared in 1934 that "the public"—that is, all of us—owns the airwaves), anyone can use it. Sampson and Davis, though not the only ones to do it, are the first to publicly advertise their decoding devices that pirate pay-TV airwave signals. They call their companies, in fact, Pirate TV and Pirate Electronics.

Sampson is quick to point out that this has nothing to with *cable* TV. "People who steal cable signals are stealing a signal that is the result of heavy investment, a lot of physical labor, and long-term planning," he says. The "signal people," he argues, need only some $30,000 to set up a station and have no big capital investment (because they use the publicly owned airwaves, not privately owned cables). Sampson adds that his device also offers competition to subscription TV and keeps prices relatively low, since, at a cost of about $400, the pirate decoder will not be worthwhile to the average viewer if subscription prices are kept down.

It's an interesting question. There are currently about 86 licensed pay-TV signal stations, and permits have been issued for over 130 more. Are broadcasted signals truly a part of public domain, as the pirates argue, or do the pay-TV stations have a legitimate cause for suing the pirate firms?

Gold Standard Proposed

A specific blueprint for a new US gold-based monetary system has been developed by economist Arthur B. Laffer of the University of Southern California. If adopted, says Laffer, the plan would slash inflationary expectations, boost the value of the dollar in world markets, stimulate domestic economic activity, improve the government's fiscal health, and restore the United States to being the world's central banker.

Laffer's proposal includes a three-month transition period, during which the Federal Reserve and the US Treasury would "take a vacation" while allowing the market to set the price for gold convertibility. Thereafter a specific mechanism would have the Fed buy or sell gold to maintain an average dollar value of gold reserves equal to 40 percent of the dollar value of its liabilities.

Laffer's report, "Reinstatement of the Dollar: The Blueprint," paints a key role in restoring gold convertibility for Federal Reserve chairman Paul Volcker. While Volcker is considered staunchly anti-gold by such gold bugs as Dr. Harry Schultz, Laffer notes that in the early 1970s "Volcker was reported to be the last to abandon the need for maintaining the dollar's convertibility into gold" and was later rumored to be in favor of a return to convertibility. Laffer's blueprint is designed in accordance with the general principles of the US proposals at the 1972 International Monetary Fund meetings—drafted by Volcker.

Since Laffer is one of the key economists in the Reagan camp, his plan could get a serious airing if Reagan were to become the next president. Single copies of the Laffer study are available on request from the Institute on Money and Inflation, Suite B-1, 314 E. Capitol St., Washington, DC 20003.

Freeing Telephones

As reported here in June, both the Federal Communication Commission and the Congress are moving rapidly to deregulate portions of the telephone business; the FCC deregulating the terminal equipment market as of 1982, and the House voting to deregulate long-distance communications. But the basic principle of telephone regulation—the idea that at least local telephone service is a natural monopoly and must therefore be provided by a single firm, regulated so as to achieve a specified rate of return—has remained unchallenged until recently.

But the challenge has now been issued, by none other than the FCC itself. The agency's Office of Plans and Policy has issued a working paper entitled "Social Objectives and Competition in Common Carrier Communications: Incompatible or Inseparable?" The paper's authors argue that the supposed social goals of a regulated monopoly situation—"such as benefits for rural interests, the poor, or other favored groups" actually "may be unattainable without competitive forces." Noting that present policies reflect a contradiction between universal service and efficiency, they argue that "elimination of entry controls offers a potential solution."

Complete laissez-faire raises four potential problems, say the authors: interconnection problems, predatory pricing, oligopoly supply, and monopoly in smaller markets. But *none* of these "provides sufficient justification to maintain traditional regulation of the telephone industry. Indeed, except perhaps for the problem of pricing interconnection, price and entry controls may make the problems more severe." In fact, the authors contend that rate-of-return regulation does not curb monopoly power: "in the long run, such regulation only serves to perpetuate monopoly at the expense of cost-reducing and service-improving innovation."

About the only form of intervention the authors would tolerate is a requirement that separate subsidiaries of major telephone firms be set up for each of the principal markets—terminal equipment, local service, and long distance—and that these subsidiaries deal with one another on an arms-length basis. The idea is to prevent cross-subsidization, which they consider an abuse of monopoly power.

Just such a policy underlies the FCC's April decision to overturn the 1956 con-

sent decree barring AT&T from offering computer services (and, in exchange, allowing computer firms into data communications on an unregulated basis). That action has now been challenged, however, by a trade group, the Computer & Communications Industry Association, which fears that the proposed AT&T subsidiary (dubbed "Baby Bell") will not be truly separate. But the FCC plans to stick to its guns, contending both that it has the authority *and* that the decision makes sense. The outcome will significantly shape the telecommunications industry of the future.

Tax Cuts vs. Balanced Budgets

A Heritage Foundation survey of over 70 economics professors showed the majority (43-26) preferring tax cuts over balancing the budget. The tax cuts should be designed to stimulate investment, they recommend, echoing the tenor of the suddenly popular supply-side economics.

As Tom Bethell explains in an excellent article in *The American Spectator* (May):

> *Beginning around the early 1960s, the United States became less and less a country whose business was business, and more and more a featherbed for those whose lives were spent on the demand side: consumers, taxeaters of various stripes, government payrollers, welfare recipients. No matter, the economists continued to assure us: Demand creates supply. And so the ever-growing non-productive sector continued to rest comfortably on the back of the economy, reassured by the Keynesian oracles that its weight was not a burden so much as an inducement to make more and more goods.*

And then, of course, those high tax rates began to discourage investment, and supply could not meet demand.

Supply-side advocates like Bethell point out how common phraseology can mislead. We say "a tax cut of $1 million," for example, but we are actually talking about a tax-rate reduction, which may or may not cut government revenue. In the same manner, raising the tax rate does not guarantee increased revenue because people will react differently: some may stop filing forms, others may move, some may work less. And that's what economist Arthur Laffer's famous "wedge" is all about.

Some 56 percent of the university economists who responded to the Heritage survey favored the Kemp-Roth tax cut plan, which would provide a 10 percent cut in personal income taxes in each of three successive years. A similar number (55 percent) would index the income tax system. The respondents also stressed changing the focus of demand in favor of the private sector (74 percent), and many would limit the use of the budget solely to the provision of public goods and services, cutting out all economic manipulation. One of the more exasperated respondents, Prof. G.C. Wiegand of the University of Illinois, noted: "What we need is not a fiscal 'reform,' but a fiscal 'revolution.' "

Taking the Offensive

When the Emergency Highway Energy Conservation Act was passed in 1974 as a reaction to the first major halt in oil shipments from the Middle East, there was no outcry against the federal imposition of a 55 miles per hour speed limit. Legislation cut off federal funds to states that had a maximum speed limit higher than 55 mph, and the national limit was indefinitely extended one year later.

Today, six years later, there is a growing swell of opinion questioning the federal speed limit. Montana, for instance, levies only a token $5 fine on anyone driving between 55 and 75 mph. It was one of several western states to rebel against federal limits recently but backed down when the feds threatened seriously to withhold highway funds.

Three articles in car magazines have also taken the offensive against "the 55 mph myth," as one piece called it. The May issues of *Car and Driver* and *Road and Track* magazines carry similar critiques of the speed limit. The *Car and Driver* piece, subtitled "How the Federal Government Was Able to Legalize Blackmail," goes through the history of how the courts began to erode the constitutional mandate of state power and give the power to the federal government through the catch-all phrase, the promotion of "interstate commerce." The *Road and Track* report lists the supposed benefits of the 55 mph limit (fuel conservation, safety) and shows—with graphs and figures—how that limit is not providing those benefits.

But probably the most entertaining piece is a February *Car and Driver* article called "Jamming Police Radar," whose tone is that of a defenseless citizenry against the military. Patrick Bedard, the author, reports that the technology for jamming radar is now available, but its illegality makes it difficult to sell. Kits are available for about $300, however; when assembled and installed, the device sends out a microwave frequency that overrides the police radar's own reflective beam and tricks the radar into reading the car's speed as a perfectly acceptable 55 mph. A brief box at the end of the article suggests ways to prove that radar is *not* a reliable criterion as "ironclad evidence of speeding," one of the ways being to contend that amateur jammers *are* able to manipulate radar readings.

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As Matthew C. Sielski, a traffic engineer who did extensive studies on selected midwestern highways, reports, "Most motorists drive at a reasonable and proper speed, and are capable of recognizing conditions that warrant lower speeds." Perhaps a little more rebellion from states and individuals will shake up this federal monopoly.

Nongovernmental Monitor

Who makes sure that unexpected side effects of prescription drugs are monitored and reported, to ensure the safety of patients? Most people would assume that the Food and Drug Administration takes care of this. But although "postmarking surveillance" *is* an FDA responsibility, it turns out that the agency isn't doing a very good job of it.

That was among the conclusions of a three-year study carried out by the Joint Commission on Prescription Drug use—a body appointed by the federal government but funded by eight private medical and pharmaceutical groups. The commission found that although the FDA has a drug monitoring program, it lacks the staff, the mechanical support, and the mandate to do its job effectively. While it can generally spot major problems with newly introduced drugs, the agency drops the ball on delayed side-effects, the interactions between drugs and combinations of diseases, unexpected therapeutic effects, and unhurried, objective study of common patterns of drug use.

What's the solution? Surprisingly, the commission did *not* recommend either beefing up the FDA or creating a new government agency. Instead, it proposed creation of an independent, nongovernmental institution devoted entirely to pharmacological research—and funded from a variety of sources so as to avoid undue influence from any special interest. According to study director Kenneth Melmon of Stanford University's Department of Medicine, the main reasons the new organization should be private are as follows:

- It would be more flexible and less goal-oriented than a government bureaucracy.
- It would be able to use the expertise of specialists who cannot work for government, under current conflict-of-interest laws.
- Its diverse funding sources would keep it free of outside influence—for example, from consumer lobbies or industry.
- It would have to seek out funding each year, thereby avoiding the complacency that comes with being tax-supported.
- Because of having no enforcement powers, it would be more likely to be trusted, both as a recipient of possibly sensitive data and as a source of advice.

The commission's recommendation is a welcome change from the past few decades, when the answer to every perceived problem seemed to be a new government bureaucracy. And it's interesting to consider that the commission's arguments for a private, noncoercive entity could be applied not just to "postmarketing surveillance" but to the entire field of drug safety. Of course, that would be too radical—or would it?

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Freedom in the Skies

Laissez-faire in aviation? We're getting closer, as the Civil Aeronautics Board in May removed all controls on airline fares for routes of under 200 miles and expanded "fare flexibility" for longer routes. (For routes of 200 to 400 miles, fares may be increased up to 50 percent over "standard" levels without CAB approval; over-400-mile routes may have increases up to 30 percent.) Delta Air Lines senior vice-president Robert Oppenlander says the new policy amounts to the "complete pricing freedom" the carriers have been asking for.

Congressional reaction was mixed. Some supporters of airline deregulation criticized the CAB for going too fast. Others viewed the CAB action as providing further justification for an "early sunset" for the agency. Sen. Ted Stevens (R-Alaska) introduced legislation to abolish the CAB before the current 1985 deadline.

Some deregulation critics are upset by rising air fares and the cutbacks in service by major airlines to small communities. But these criticisms fail to consider how high fares would have risen (due to soaring fuel costs) in the absence of deregulation and the accompanying growth of discount fares. The latest manifestation of discounting is Eastern Airlines' entry to the New York-Los Angeles market at a $149 daytime fare—compared with previous day coach fares of $328.

Critics of service cutbacks tend to ignore the rapid growth of replacement service by commuter airlines. Between Youngstown, Ohio, and Pittsburgh, for example, United formerly provided two jet flights per day, averaging 120 daily passengers. The replacement carrier, Crown Airways, is providing seven daily round-trips in smaller turboprop planes.

In its first month, April, the average daily passenger count was 204. In the Northeast, one "certificated" carrier—Air New England—is on the verge of bankruptcy, despite large-scale subsidies. But some 20 unsubsidized commuter carriers are poised to serve the carrier's routes, in many cases at lower fares, according to CAB analyst William C. McCamant.

Thus, contrary to the fears of opponents, airline deregulation seems to be working.

Milestones

• *If Only He'd Campaign.* None of the Above captured one-third of the vote versus Kennedy and Carter in the Nevada Democratic primary in late May. We knew those Nevada folks had sense!

• *The Slippery Slope to Bankruptcy.* In March, President Carter magnanimously raised the Federal Deposit Insurance Corporation's coverage of bank accounts from $40,000 to $100,000, instantly lowering the ratio of FDIC coverage from the 1979 level of $1.22 per $100 to $1.11 per $100 of deposits. Officials reassured worriers by noting that the Federal Reserve Board is committed to *create* whatever money is needed to keep a major bank afloat. The FDIC is also asking Congress to allow "emergency" acquisitions of banks across state lines, to give support to its policy of merging a failing bank with a healthy one.

• *Transit Sense.* The House Surface Transportation Subcommittee voted to approve a bill letting states provide special services to the handicapped rather than mandating full access to all transit systems. The vote softens Transportation Department regulations issued late in May requiring subway, rapid transit, commuter rail, and bus systems to refit their cars and stations for access by the handicapped. The DOT passed the buck on to HEW, saying that HEW guidelines had forced them to require the expensive changes.

• *Smash the State.* The Citizens Against Taxation group in Gregory, Michigan, is fielding an initiative to amend the state constitution to stop all taxes. The amendment states that "no tax shall be imposed by the state or any of its political subdivisions" and that state revenue would come from gifts, lotteries, interest, criminal fines, and the sale of public assets, among others.

• *Auto Correction.* Responding to US accusations of unfair trade practices, the Japanese government has tentatively decided to eliminate tariffs on imported auto parts. So said the Kyodo news service on April 29. The current tariffs are 10.4 percent on chassis and 5.3 percent on the other parts. Repeal would take place in April 1981.

• *Interferon Update.* Life Sciences, Inc., a small biological research company, has said it will begin selling interferon to Florida cancer specialists who submit an application to the company describing the potential patients. Interferon is classed as an experimental new drug by the FDA and cannot be shipped across state lines. Florida, however, has given approval to its sale within the state. Interferon is a protein that has recently been cloned and may be valuable in helping the body fight cancer cells and viruses (Trends, May).

• *Interdistrict Desegregation.* The US Supreme Court upheld a lower court decision to bar "interdistrict" desegregation of area schools. The case arose when advocates of a metropolitan school system in Atlanta wanted to combine the heavily black city public school system with the mostly white system of the neighboring suburbs.

• *Statehood USA.* Dick Collver, former leader of Saskatchewan's Progressive Conservative Party, resigned in order to lead a movement to make four Canadian provinces—Manitoba, Saskatchewan, Alberta, and British Columbia—American states.

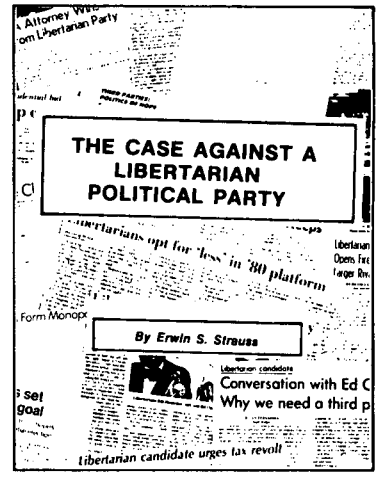
• *Capitalists Unite!* Socialist Prime Minister Michael Somare of Papua New Guinea was voted out of office after five years and replaced with Julius Chan, leader of a business-oriented party.

• *A Cable Fable.* The Bell System can no longer forbid cable television operators from using its utility poles, a federal appeals court ruled. The decision stated that Bell itself had recognized cable television as a competitor, particularly in the development of the picture phone, and was therefore violating the antitrust laws by refusing to let other firms use its poles.

• *Liquor Price Controls.* The situation in New Jersey is classic: its attorney general and Alcoholic Beverage Control board have been trying to eliminate price controls on alcoholic beverages for more than a year, but a group of small liquor retailers has challenged the deregulation. In February, the state supreme court finally ruled that the ABC could deregulate prices; two days later, the court agreed to delay the decision while the liquor groups appealed to the US Supreme Court. But it may be pending for some time, according to a source in New Jersey.

• *Political Freedom Defended.* The California Supreme Court ruled that city council members could not be prevented from voting on projects on the grounds that they had received campaign contributions from developers. A flat prohibition, said the court, threatened the constitutional right to freedom of speech and association; other laws already protect against corruption and bias.

—Robert Poole, Jr. and Christine Dorffi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WHO CAUSED THREE MILE ISLAND?

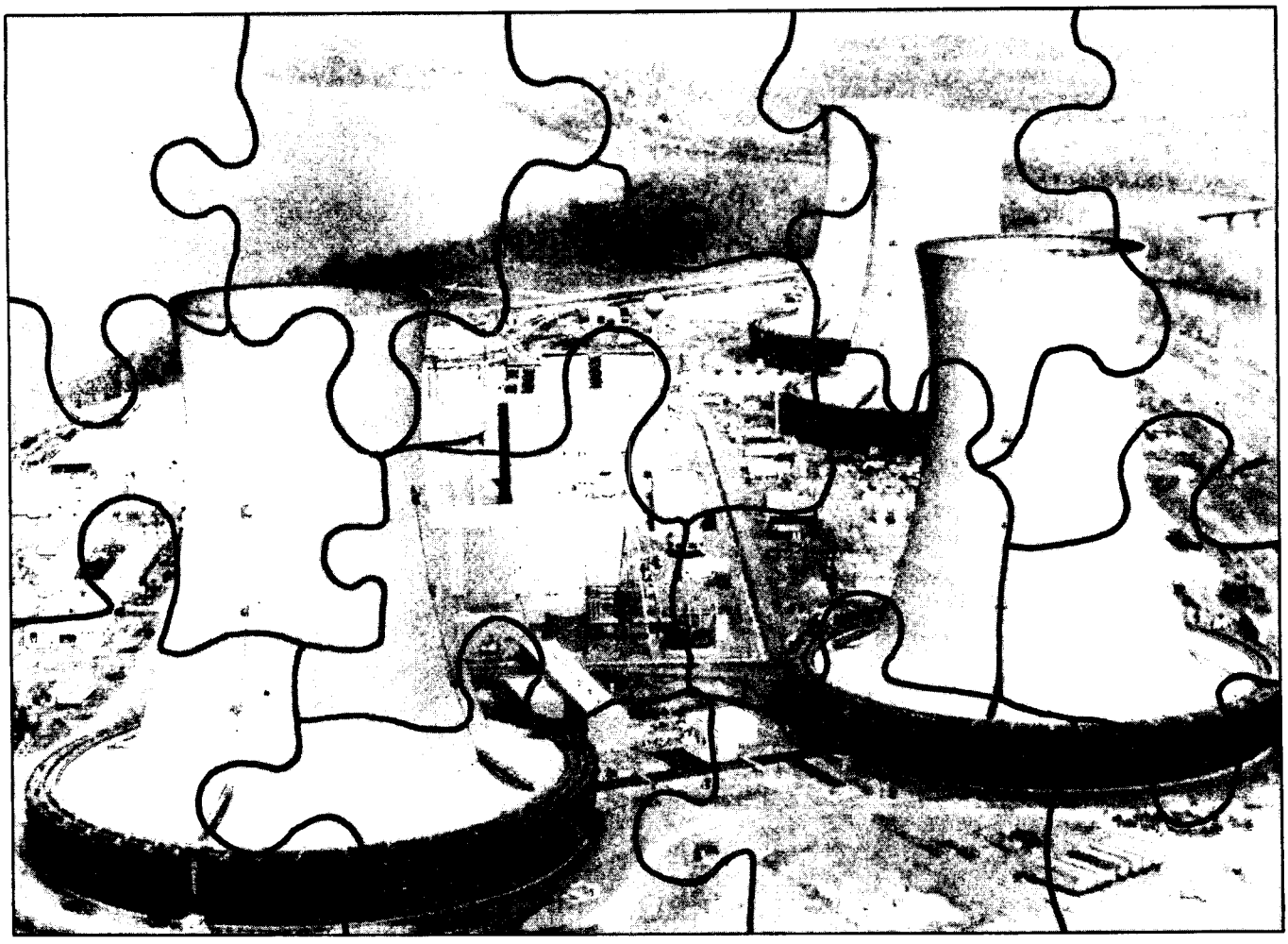
After five major investigations, the real reason for the Three Mile Island accident has remained a mystery. *Reason*'s reporter has found the missing link.

BY ADAM V. REED

Three Mile Island, March 28, 1979. *Because of maintenance procedures elsewhere in the building, several indicators on the main control panel of the TMI nuclear power plant are temporarily inoperative. In compliance with an order from the Nuclear Regulatory Commission, identifying cardboard tags hang from the inactive indicators. These tags are large enough to obscure several other parts of the control panel.*

It is 4:00 A.M., and an indicator on the control panel shows an unexpected pressure transient. The plant operators check the auxiliary feedwater valves. Although a control panel light indicates that they are closed, that light is covered by one of the maintenance caution tags hanging from another control. The operators react to the pressure transient on the assumption that the valves are open. As a result, there is an increase in heat, which causes activation of the emergency core cooling system, which functions perfectly.

But now comes a red light. There is a universal code of green for safe and red for dangerous. The operators conclude from the red light that the water level in the reactor is dangerously high. In fact, a red light here *means that the water level is what it should be. (On this night it may even be a bit low.) The operators shut off what they believe to be excess water, thus stopping the emergency cooling system from functioning. The reactor is damaged, with serious consequences for the entire area for which it has been supplying electricity. Even more serious consequences ensue in the panic afterward, when government agencies close or delay the opening of nearly two dozen additional nuclear power plants.*



UPI

About a month after the nuclear power plant accident at Three Mile Island receded from newspaper headlines, I received a clipping from the *New York Times,* sent by a friend who knew I often missed reading the paper when busy with other things. Back when TMI was in the headlines I had been setting up an experiment in my laboratory and so missed most of the running account.

But as I read the clipping's fairly clear description of what had happened, a phrase formed in my mind: What an incredible chain of human errors! Then I realized that I had come across that phrase before. After a bit of looking, I found it in energy analyst Petr Beckmann's description of the Brown's Ferry accident and fire of 1975.

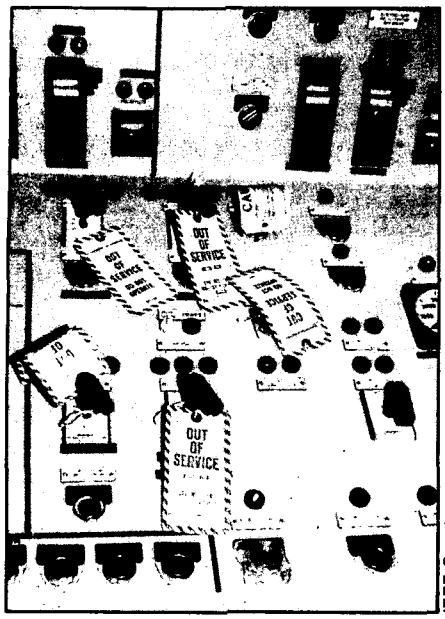
The Brown's Ferry incident did not mean, by itself, that anything was necessarily wrong with the way nuclear power plants were set up. Good human factors design can reduce the probability of human error by a factor of a hundred or so, but it cannot eliminate human error altogether. One accident caused by human error proves nothing. But TMI was now the second "incredible chain of human errors" at a nuclear power plant, and so it made sense to ask what went wrong.

It was too late to save the victims of Three Mile Island (see "The Victims of Power Plant Accidents," p. 23). But finding out why the manufacturer of the TMI plant ignored design principles established decades earlier might prevent similar tragedies in the future and save the victims of interference with technologies yet to be invented. I became curious and began to dig. I anticipated having to go back a couple of decades, but my search for the pieces of the puzzle took me back almost a century.

The road to Three Mile Island began 80 years ago, decades before anyone thought of using nuclear energy to make power generation cleaner and safer, and years before the very source of that energy was first identified. Historians and philosophers could probably trace the causal chain even further into the past, but eight decades is close to the limit of how far a social scientist can go without risking conjecture and speculation. And so, for us, the story will start during a period of history known, with unintended irony, as the Era of Progress.

During the Progressive Era, several states enacted legislation compelling insurance companies to base their rates on actuarial experience (that is, on statistics showing the probability of the event being insured against). Within two decades, such legislation was in force in every state in the union. This legislation, ostensibly motivated by concern for the solvency of underwriting companies, had the effect of prohibiting American companies from writing insurance for new industries: with a new type of risk, there is no prior experience from which to derive actuarial data.

Nobody objected seriously to this legislation. Entrepreneurs in new industries could still obtain insurance from foreign companies, which were



IEEE Spectrum

NRC regulations require such maintenance tags. At TMI, they covered a control panel light, leading to the first of several human errors.

not subject to state-level American legislation. American insurance companies did not object, since it was now easier to sell policies as "a safe investment." Foreign companies writing insurance for unprecedented risks were happy to see their American competitors eliminated from the American market. Insurance regulation became a textbook example of progressive government action in the public interest.

Both before and after the enactment of this legislation, the casualty-insurance industry had a great deal to do with the safety of industrial operations in the United States. Casualty insurance companies employed safety consultants who helped them to set rates and provided safety improvement advice to the insured industries. If its safety consultant underestimated the likelihood of accidents in policyholders' plants, claims would exceed the income from premiums, and the insurance company would lose money. If the safety expert overestimated the risk, the rates offered by his company would be higher than those of competing insurance companies, and his company would lose business.

The safety consultant was also expected to suggest ways to make the policyholders' operations safer. It was in everyone's interest to follow the safety inspector's advice: the policyholders benefited from lower rates, and the company writing the insurance benefited from both fewer claims and the competitive advantage of being able to offer the lower premiums.

Since the management of a plant had a powerful financial incentive for reducing the safety inspector's estimate of the risk of operations in that plant, risk reduction became a cooperative enterprise. I have gone through a dozen file cabinets full of clippings and reports at the library of the College of Insurance, which trains safety inspectors, without finding any instances of a private insurance company's safety inspector leaving a policyholder's plant with the impression that vital safety information had been concealed during his visit. We will see later how different is the usual experience of government regulatory inspectors trying to perform a nominally identical function.

Progressive Era insurance legislation had only a minor impact on the activities of insurance companies with respect to industrial safety. Policy premiums were based primarily on actuarial experience in an entire class of plants, rather than on the actual conditions in any single policyholder's enterprise. Thus, casualty rate setting, or "underwriting," became a profession separate from that of the safety inspector/consultant. In most states, however, casualty insurance companies retained the authority to vary their premiums depending on the actual safety practices of their policyholders. Even in those states in which premium variations were most restricted, insurance companies still provided industrial safety services in order to reduce the size and number of claims, and they could refuse to insure an enterprise that did not cooperate with their safety personnel.

In 1979, the Nuclear Regulatory Commission's safety regulations were still based on the most recent safety research of *1954*.

So insurance companies remained very concerned with industrial safety. Individual companies maintained laboratories to test and improve the safety of equipment used by their policyholders. In addition, the insurance industry established the Underwriters Laboratories to test mass-produced equipment used in homes and offices and to perform fundamental research on issues related to safety.

In the early 1950s, this research established that about 80 percent of all industrial accidents were due, not to defects or malfunctions in industrial equipment, but to error and confusion on the part of human beings operating it. This finding spurred a fundamental shift in the aims and methods of research on the role of people in industrial control systems. There had been a few studies dealing with human error, but they had been primarily concerned with estimating the likelihood of various errors and their impact on overall plant reliability. After 1955 or so, with the realization that such a large proportion of industrial accidents were attributable to human errors, human factors research zeroed in on the causes of those errors and how to eliminate them.

Before the end of the '50s, some principles of good human factors design had been established, and insurance company safety consultants were bringing the new discipline of engineering psychology to bear on the design of industrial plant equipment. By 1965, hardly any new equipment could be put into operation unless it conformed to the standards for safe human factors design established by Underwriters Laboratories. *The exception was equipment for the new and burgeoning nuclear power industry.*

WHEN THE USE OF nuclear reactors for the production of energy first became commercially feasible in the mid-1950s, the prospective operators of nuclear power plants came face-to-face with a problem created half a century earlier: no one had any previous experience with casualty claims arising from the operation of nuclear power-generating plants, and so American insurance companies were prevented by law from insuring them. The British companies that traditionally provided unprecedented-risk insurance in North America still had not fully recovered from the losses of World War II and were in no position to insure so large a new industry. Elsewhere in the world, except in Canada and West Germany, nuclear power

plants were a government monopoly, protected from liability under the doctrine of sovereign immunity (see box, this page).

American power companies, boxed in by half-century-old insurance legislation, asked the federal government for help. The government, which for reasons of its own wanted the nuclear industry to develop rapidly, was quite willing to oblige. Its solution was not to attempt to undo the earlier legislation. Instead, it would organize a consortium of insurance companies to provide the new industry with a limited amount of coverage, beyond which the government itself would act as an "insurer of last resort." Under this arrangement, the insurance industry consortium would have no role in supervising the safety of nuclear power plants. This was to be the exclusive concern of the Atomic Energy Commission and later the Nuclear Regulatory Commission. West Germany and Canada soon copied the American arrangement.

The Price-Anderson Act, which effected the government insurance scheme, had a very serious result. It cut all links between the nuclear power industry and new safety research findings developed in the laboratories of the insurance underwriters. The Nuclear Regulatory Commission, of course, imposed safety standards on the growing industry. But in 1979, its safety regulations were still based on the most recent safety research of *1954*.

Part of the explanation is that the Atomic Energy Commission wore two hats. In addition to monitoring the fledgling nuclear power industry, it was involved in military nuclear projects. Reactor design activity was no exception to the AEC's tendency to shroud all nuclear developments in a fog of secret classifications. Some of the manufacturers of nuclear power reactors had highly competent engineering psychologists working for their other divisions, but the AEC insisted on keeping nuclear reactor work secret and isolated. By 1970, no new design for a toaster or blender at General Electric could get off the drawing board without being examined by an expert in human factors. Yet the same company was designing, manufacturing, and delivering nuclear reactors that had never been seen, much less examined, by an engineering psychologist.

Engineering psychologists not involved in the design of reactor controls—and until 1980 that meant every single engineering psychologist—had no idea what was going on. In retrospect, it should have been clear that something was wrong. In an exhaustive search of the engineering psychology literature up to 1978, I failed to turn up a single article on the design of nuclear power plant control rooms.

There were only two even remotely related studies. One, a 1975 article, examined the control of zero-energy reactors, the type used in privately insured industry for the commercial production of radioisotopes. The other, a 1976 master's thesis in nuclear engineering at Iowa State University, dealt with human error rates in commercial light-water reactors. This thesis was concerned only with estimating the likelihood of various errors, as though the author had never been told that human errors can be virtually eliminated by proper human factors design—a typical piece of 1940s' reliability engineering, accepted by a nuclear engineering school in 1976. And that was all. Not a single publication on how nuclear power plant control rooms ought to be designed, when the design of control rooms for the chemical industry, for example, was the subject of 18 articles between 1969 and 1978.

If anyone thought about it at all, it must have seemed an effect of the usual AEC secrecy rather than of an actual absence of work. In hindsight, a silly assumption: there were dozens of declassified articles on human factors in the design of controls for naval warships and military aircraft, for which secrecy must have been as tight as for civilian power reactors. But, as usually happens when no one gets paid to think about something, nobody did.

It was only after the loss of the Three Mile Island plant in 1979 that engineering psychologists asked what the hell was going on in nuclear power plant control rooms. What they saw made them shiver.

SOVEREIGN IMMUNITY AND DAMS THAT GO BOOM IN THE NIGHT

Under the doctrine of "sovereign immunity," a government cannot be sued for civil damages unless it makes itself liable through special legislation. Most governments let themselves be sued for small-scale damages, but not for major catastrophes. Sovereign immunity extends to nuclear power plants in countries where their operation is a government monopoly—that is, everywhere except the United States, Canada, and West Germany.

In the United States, sovereign immunity is the reason why hydroelectric dams built and operated by the Army Corps of Engineers are not insured, and if a dam breaks the victims are left "holding the bag." During the past decade, the United States was fortunate enough to avoid the massive casualties (over 3,000 deaths per dam break) of the largest dam losses in India and Italy; but the number of major dam breaks, and dam casualties, is nevertheless high.

The largest dam break, that of the Van Norman Dam during the San Fernando Valley earthquake of 1971, resulted in no casualties because the reservoir of the dam happened to be empty. It is estimated that, had it been full, the dam would have killed between 50,000 and 100,000 people. Other US dam breaks of the past decade include Rapid City, South Dakota, 1972: over 200 dead; Buffalo Creek, West Virginia, 1972: 125 dead; Newfound, North Carolina, 1976: 4 dead; Teton, Idaho, 1976: 14 dead; Toccoa, Georgia, 1977: 35 dead.

All death figures above are for direct casualties only; secondary casualties are not included. In the case of the Teton Dam, property damage was estimated between $400 million and $1 billion; Congress ultimately appropriated $200 million for "disaster relief."

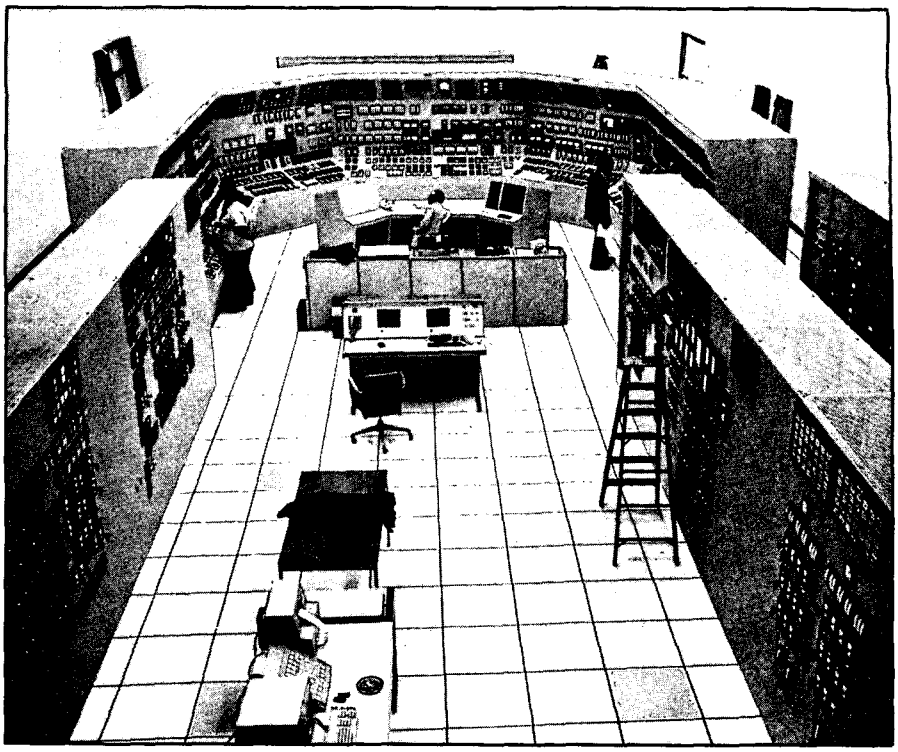
According to a recent estimate in *Science*, one existing California dam could kill 250,000 people, with a failure probability between 1 in 100 and 1 in 5,000 per year. It is customary not to mention the exact location of the latter dam so as not to tempt terrorists.

ONE OF THE BASIC principles of human factors design is compatibility of control movements: a control lever should move up to move things up, down to move things down. Although nuclear plant control panels have a great deal of vertical mounting space available, most of the levers for control rods in the plant's core (the control rods are for stopping the nuclear chain reaction) have been mounted on horizontal surfaces. Spatially compatible movement has thus been made impossible. In some nuclear power plants, the rods are moved up and down with identical movements of two identical, identically mounted and often adjacent levers.

Another principle is that while identical controls, such as typewriter keys, improve the speed of operation, they invariably increase the likelihood of error (have you ever seen a long typewritten report without typos?). When the probability of setting off the wrong control must be minimized, the controls should be activated by as many mutually exclusive movements as possible, so that the operator can "catch the error before it is made" when the control does not move as intended.

A switch, for example, may be activated by being pushed, pulled, toggled up, toggled down, toggled right, toggled left, twisted clockwise, or twisted counterclockwise—and an operator can catch his error if he attempts any one of those motions on a switch activated by another type of motion. Operation will be slower than with identical pushbuttons, and in some situations engineering psychologists have to calculate in detail the speed-accuracy trade-offs for the operator's task. In nuclear power plants, however, accidents develop slowly (never less than several minutes, usually several hours), while activating the wrong control can cause serious and sometimes irreversible damage. In such contexts it is crucial that the different controls be activated differently.

For the same reason, gauges for different variables should be as distinctive as possible, so that the operator will know at a glance which gauge he or she is looking at. In most nuclear power plants, however, the operator is confronted by a sea of identical controls, distinguished from one another only by discreet uniformly colored labels that are invisible except at close proximity.



Joseph Seminara/EPRI NP-309, © 1977 by EPRI

Design principles are often violated by the sheer physical size of the control room panels. Above is a U-shaped control room layout, typical in its expanse.

Another principle is avoiding sensory overload. It has been estimated that in one fairly frequent abnormal condition, nuclear plant operators would have to deal with 52 different alarms (bells, beeps, sirens, flashing lights, etc.), as well as information from 35 different analog gauges and 14 different digital indicators. Under this kind of sensory overload, most people are likely to have trouble keeping their sanity, much less dealing effectively with the problem at hand.

It was only after TMI that engineering psychologists asked what the hell was going on in nuclear power plant control rooms.

Still another fundamental principle is that all displays ought to be readable from the operator's actual position when manipulating the corresponding controls. In some of today's nuclear power plant control rooms, the displays showing the status of various valves in the plant are located at opposite ends of the control room from the switches controlling the corresponding valves. So the operator is forced to run back and forth across the control room.

In other control rooms, this principle is violated by the sheer physical size of the control room panels. In the Babcock and Wilcox control room at TMI, some displays were hidden by the control desk and could be read only by leaning over it. Other displays could only be read by walking around the operator's console to the other side, while still others were so high up on the wall that they could not be read without climbing on a ladder. The story of how that type of control room came about is an interesting lesson in the effects of political control over industrial operations.

BABCOCK AND Wilcox, the company that built the Three Mile Island reactor, had learned early in its existence that its power plants depended on a host of licenses and permits granted by political officials at the state and local level. These officials usually did not know how nuclear reactors worked and could not be bothered to learn, but they could be depended on to

have a "gut feeling" about whether the plant was or was not safe—a "gut feeling," the company discovered, based primarily on how the plant *looked*. And so, according to a senior engineering manager at Babcock and Wilcox, the company put on its payroll a commercial artist, whose job it was to make sure that state and local officials would be favorably impressed by the appearance of its power plants.

This man was something of a surrealist, strongly influenced by old Frankenstein movies. His designs featured enormous screen-filling expanses of blank space around each gauge, as well as giant handles of the type used to open and close large switches and valves, in electrical equipment contemporary with those Frankenstein movies. In nuclear power plants those enormous handles actually operated tiny relay switches a few millimeters across, but they took up enough space to create panels up to 46 feet wide and 23 feet high. The ladders came in when it was discovered that the humans who operate these controls were not built to the dimensions of King Kong.

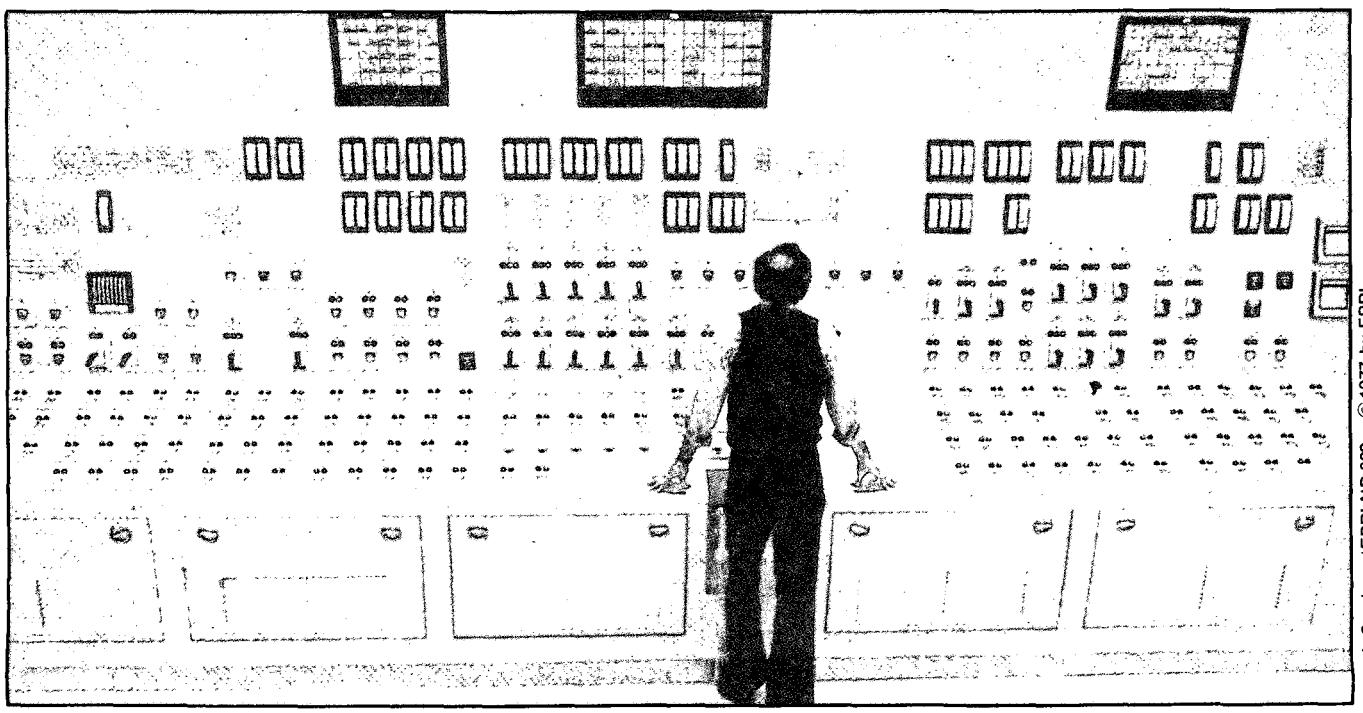
Relationships with state-level public utility commissions have also taken their toll in another way. The rates electric companies are permitted to charge are usually based on a "fair return on investment," so that the power companies have every incentive to make their plants as expensive as possible—quite the opposite of the usual situation in industry. The public utility commissioners, on the other hand, have the job of keeping the costs of construction down, even though they have no idea which cost trade-offs have the least effect on safety.

In the TMI control room, some controls were so high up on the wall that they could not be read without climbing on a ladder.

To take just one example, most nuclear power plants are designed with twin control rooms, a sensible precaution in case one control room becomes inoperative as a result of fire, accident, or, as actually happened at TMI, radioactive contamination. The usefulness of many such twin control rooms has been compromised, however, by state commission orders that power companies save the ratepayers' money by having the cables to twin control rooms cut together to the same length. When cables to twin control rooms come out of a common conduit, the result is *mirror-image* control rooms—the one layout known to be most likely to produce human error.

DOES IT SEEM UNbelievable that the engineers who designed the nuclear plants currently in operation would lack the knowledge to spot human factors hazards as obvious as those catalogued above? The reason it happens is that the training of engineers is controlled by the same factors as the subsequent employment of their skills—engineering schools teach whatever prospective employers want their employees to know. Mechanical engineers, for example, usually design machines for private, privately insured industries. At the Massachusetts Institute of Technology, whose curricula tend to set the standards for engineering schools around the world, mechanical engineers have had to take a course in man-machine systems, as a precondition for receiving the bachelor's degree, since the mid-1960s. At the same school it is still possible to get a *doctorate* in nuclear engineering without taking a single course in human factors or engineering psychology.

All this, of course, is likely to change now. The Nuclear Regulatory Commission has advertised openings for engineering psychologists on its staff. Human factors courses are being incorporated into nuclear engineering curricula. Future nuclear power plant control rooms will have



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In most nuclear power plants, the operator is confronted by a sea of identical controls.

to comply with some sort of human factors standards. There is, however, more to safety than just human factors, and more to human factors than just a set of standards to be met in the design of controls and control rooms. Failure to keep up with contemporary safety research is only one of the dangers of transferring responsibility for industrial safety from private casualty underwriters to a government agency.

Other dangers arise from the fact that the scope of action of a government agency in an otherwise nontotalitarian society must be limited to punishing proven violations of objectively defined rules. Unlike the agent of a private insurance company, who can reward safety practices with lower premiums, a government inspector, who can only punish infractions, will command neither respect nor cooperation from a profit-oriented management. Indeed, his relationship to nuclear power plant managers is inherently adversary. A private insurance company inspector/consultant is free to act on well-founded suspicions; if a policyholder considers the action arbitrary, he is free to take his business elsewhere. Yet in the cooperative atmosphere that exists between private insurers and their clients, such suspicions are rare. A government inspector, on the other hand, can suspect all he wishes but, outside a totalitarian society, cannot act on anything he cannot prove. And so instead of being corrected, safety problems are hidden.

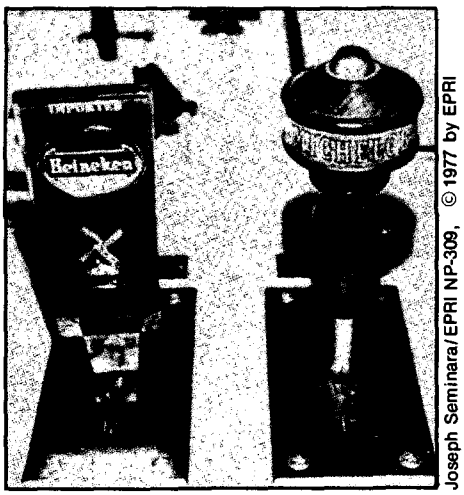
The following is an excerpt from an NRC inspector's summary of conditions at the Zion nuclear power plant in Waukegan, Illinois, in 1979:

> *Safety is substantially worse because of poor attitude and marginal management. Inadequate management controls. Management lacks ability to discipline employees for operator errors and carelessness. Personnel selection and discipline may be adversely affected by union relations. Poor management attitude and follow-ups. . . . Attitude regarding safety is poor.*

If an insurance company's safety consultant walked away from a policyholder's plant with a similar impression, the policyholder would soon be faced with a hefty increase in premiums. But the NRC, quite appropriately for a government agency, can do nothing without being able to prove specific violations. At the same time, the Price-Anderson Act makes sure the insurance premium remains the same as that of all other nuclear plants of similar size, regardless of anything the management does or does not do about safety.

ANOTHER DANGER inherent in government safety regulation stems from the practice of "freezing" a government-approved equipment design. In order to provide an objectively provable definition of safety violations, a government agency works by approving a certain design and then levying fines for any unauthorized modification of certified equipment. This means that once a design is certified, design errors cannot be corrected without a lengthy recertification process, during which the regulated industry is forced to operate faulty equipment.

It also means that the operators—the only people who get to know all the faults and virtues of the system by having to work with it every day—are not permitted to correct even the most obvious hazards without consulting a representative of the regulatory agency first. In one case, reactor operators, worried about the dangerous similarity of levers for raising and lowering reactor control rods, substituted handles of proper human factors design—one showing Heineken and the other Michelob. These handles, of course, had originally been manufactured to minimize operator errors in dispensing different brands of draft beer. The management, worried about a possible fine, told the operators to restore the equipment to its old, unsafe but certified condition. Fortunately, an NRC inspector was persuaded to approve the modification.



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Operators at one plant resorted to makeshift human factors design to distinguish the handles for raising and lowering reactor control rods.

Problems created by freezing certified designs exist wherever the government presumes to know more about the safety of equipment than the people who actually work with it. According to a recent report in *The New York Times,* the Airline Pilots Association has complained to the Federal Aviation Administration about a stall-warning alarm "louder than a supersonic aircraft." The FAA has ignored the complaints and threatened to fine any airline which modifies its aircraft without authorization.

Again, we see a very common design fault instituted and perpetrated by a government agency that is responsible for safety. Engineers without adequate training in human factors often warn of abnormal conditions with loud auditory alarms. Yet, as engineering psychologists know (and every engineer should), any loud noise will interfere with the operator's decision-making capability. And an abnormal situation is a situation in which the operator most needs to have his wits about him.

IT MAY SOUND plausible enough that the various deficiencies in the safety practices of the nuclear power industry are the results of government takeover of safety regulation in that industry . . . . But isn't nuclear power a uniquely dangerous and complex industry, so that no comparison with the experience of any other field could possibly be relevant? Not at all. Many processes used in the chemical industry are more complex than nuclear power reactors. Some of the reactions used in those processes are much more sensitive to operator error; if an error is made, an explosive situation can develop a hundred times faster than in a nuclear power plant.

Moreover, the consequences of an accident in a chemical plant are likely to be far more grave. It is biochemical processes that regulate activities within and among human cells; a single

molecule of the wrong chemical may be enough to cause mutation or cancer. A radioactive nuclide, on the other hand, can only cause biological damage indirectly: with some small probability a radioactive particle may turn a normal molecule into a mutagenic or carcinogenic one, but most radioactive particles will pass through a cell without doing any damage whatever. So chemical plant accidents are capable of causing disasters on a scale way beyond anything a nuclear plant is likely to cause.

Yet there are few demonstrations against the construction of chemical plants. Nobody has ever suggested that private insurance companies cannot provide chemical plants with adequate liability coverage. Does the explanation have anything to do with the nonexistence of a Chemical Regulatory Commission?

Nor have chemical companies ignored the riskiness of their enterprise. They have always carried large amounts of liability insurance and so have always been on the lookout for ways to improve the safety of their operations and thus reduce their premiums. In 1973, six years before the TMI accident finally convinced the Nuclear Regulatory Commission that human factors had to be taken into account in designing nuclear power plant control rooms, three engineers in the safety and human factors department at Eli Lilly and Company were able to write a historical account of "The Marriage of Human Factors and Safety in Industry."

Why does nobody ever bother to demonstrate at the site of a chemical plant, in spite of the lethal stuff inside its pipes?

Their company, a typical chemical concern, had been using human factors in safety engineering since 1960—nearly *two decades* before TMI. Those were two decades during which Eli Lilly managers were doing their best to reduce insurance premiums by cooperating with safety consultants sent by their insurance company, while nuclear power company executives were doing *their* best to reduce the likelihood of fines by keeping AEC and NRC inspectors as much in the dark as possible; two decades in which the workers at Eli Lilly were helped and encouraged to make their work stations safer, while workers at nuclear power plants were forbidden to change anything without permission from Washington.

No wonder nobody ever bothers to demonstrate at the site of a pharmaceutical plant, regardless of how lethal the stuff inside its pipes. The likelihood of the stuff getting out has been made as small as feasible. That feasibility is constantly improved upon via development and application of new technologies. And if the public doesn't know these facts directly because it doesn't much worry about chemical plants, it does have a deep-seated knowledge that the people in charge of a chemical plant's safety are a rather more competent lot than the folk who brought them the US Postal Service.

The effects of NRC regulation and of the Price-Anderson Act are particularly ironic because they affect a technology that is, inherently and objectively, far safer than any other technology for producing power on a similar scale (for a complete argument see Petr Beckmann, *The Health Hazards of Not Going Nuclear*). The most dangerous nuclear plant ever built will not kill as many people in everyday operation as the very safest coal-fired generator nor threaten as many lives as a similarly scaled, similarly situated hydroelectric dam. Yet the combined effect of the Price-Anderson Act and the actions of the Atomic Energy/Nuclear Regulatory Commission has so lowered public confidence in the safety of nuclear technology that the proportion of electricity generated by nuclear plants is now falling rather than rising, and people are dying as a result (see box). State intervention has perverted the safest large-scale energy technology ever devised by the human mind into a symbol of danger. Let us learn. ◻

THE VICTIMS OF POWER PLANT ACCIDENTS

Some people are fond of saying that "nobody died at Three Mile Island." However true this might be with respect to the direct effects of the TMI accident, every accident that disables a power plant can kill indirectly, by reducing reserve generating capacity and by replacing a clean energy source with a "dirty" one such as coal.

Any reduction in reserve generating capacity increases the probability that electricity will become unavailable at a time of peak demand, such as the height of a heat wave. This will cause considerable excess mortality from heat prostration, especially among the aged and the already sick. The exact figures depend on the age distribution in the population, the duration of the power failure, ambient heat and humidity, and so on.

The replacement of a nuclear generator by a coal-fired one brings in all the various sources of excess mortality in the coal cycle, including mining (for example, mine accidents and black lung mortality), transportation, and wastes (the cumulative carcinogenicity of waste due to the production of equal amounts of electricity is about a thousand times higher for coal than for nuclear). The volume of wastes from fossil fuel operations is too high to permit effective sequestration, and so coal waste is usually dealt with by dispersion into the environment. Thus, the replacement of TMI with power from coal-fired plants may be expected to cost approximately 62 lives per year of operation (see Beckmann, *The Health Hazards of Not Going Nuclear,* pref. to revised edition).

And there are additional casualties from the political process. In the panic that followed TMI, government agencies closed or delayed the opening of nearly two dozen nuclear plants, with similar secondary excess mortality in each case.

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The photo on p. 18 is reprinted, with permission, from *IEEE Spectrum,* Nov. 1979., "Nuclear Power and the Public Risk," by Robert Sugarman.

BY DONALD A. FEDER

NADERIZING THE GIANT CORPORATION

A close-up look at the people and ideas behind the push for corporate democracy.

Illustration by Don Wood

On April 17 a group called Americans Concerned About Corporate Power (ACACP) celebrated a nationwide antibusiness saturnalia. Billed as Big Business Day, and presided over by the Reverend Dr. Nader, H.P.C. (High Priest of Consumerism), the happening was highlighted by speeches and rallies in 150 cities and towns calling for the "public accountability" of large corporations.

Across the country, mock trials of certain businesses were held for such heinous acts as making a profit or not being sufficiently subservient to big labor. In Washington, D.C., 11 business villains were elected to a Corporate Hall of Shame, and shadow boards of directors were organized to monitor their future activities. Demonstrators in California handed out Cornelius Vanderbilt "public be damned awards"; categories included worst pollutor and worst employer. According to one news account, "The bad boys of business include the Grumman Corp. for overseas payoffs, U.S. Steel for 'closing plants overnight without due notice' and Exxon—'just for being the largest energy company in the world.'" What stunning logic!

A few quotes from the promoters of Big Business Day will serve to illustrate the business-baiting that attended these consciousness-raising activities. Ralph Nader demanded that large corporations "raise their own horizons to bring into their councils of judgment value systems not dominated so completely by the almighty dollar." *Solidarity,* the official publication of the United Auto Workers, concurred: "We'll be demanding that there be an end to 'business as usual,' and that Big Business start to be held accountable to people's needs....We've been under the thumb of Big Business too long. Now it's time to push it back, to make it toe the line."

The theme, constantly hammered home by speakers and publications, was that large corporations are despoiling the environment, ripping off consumers, exploiting workers, and corrupting the political process. John Kenneth Galbraith urged us to "take a day to see how it [big business] sets prices, persuades consumers, influences legislation, and otherwise plans our lives." In a column entitled "Fat Cats Feed on Economy's Woes," Jack Anderson castigated business executives for their greed: "The corporate giants still ring up bigger and bigger profits and increase their control over our society." A brochure put out by Americans Concerned About Corporate Power sounded the ominous warning: "Big Business has a plan for the 1980s: more monopoly, weak unions, lower safety standards, excess profits."

Ralph Nader claimed broad-based support for his antibusiness coalition. "This is not a fringe group," he informed the media; "the support is America"—a rather dubious assertion. ACACP "is America" only in Tom Hayden's daydreams. Of course, a lot of Americans *are* concerned about corporate power—without the capital letters. They put big business in the same camp with big government, would like to see less of both,

and may even have the sneaky suspicion that the two are intimately related. But the thrust of Nader and his cohorts is not to let business go it alone without big government help. No, more government all around is their answer. Despite the impressive titles of affiliated organizations and the coy rhetoric of ACACP leaders, the philosophical roots of Big Business Day are clearly socialistic, as a political profile of Big Business Day promoters demonstrates.

IN THE SMOKY BACK ROOMS

William Winpisinger—president of the International Association of Machinists and Aerospace Workers. In a 1978 article, *Newsweek* described him as "an open and avowed 'democratic socialist' who firmly believes that the transportation, petroleum, steel, aerospace and even breakfast cereal industries should be nationalized." A strong supporter of Michael Harrington's Democratic Socialist Organizing Committee, Winpisinger voices economic theories that are, according to a labor movement friend, "straight out of Woody Allen." He firmly believes that "so long as we keep books the way we do [capitalism], the result is more extortion by the marketplace in the form of inflation." Winpisinger was even more lucid in an interview in *Mother Jones:* "The American people gotta stand up and be counted and forget this philosophical horseshit of free enterprise being a birthright."

Dr. Barry Commoner—biologist, author, cofounder of the Citizens Party. In his book *The Closing Circle* he argued that we have "a full blown crisis in the ecosystem" attributable to environmental rape, perpetrated by private enterprise in its never-ending lust for higher profits. "Our economic system... has become out-dated," argues the good doctor. His solutions include a socialized energy industry and public control of "society-shaping" corporate decisions.

Jeremy Rifkin—old new leftist, director of the People's Business Commission, formerly the People's Bicentennial Committee. Rifkin calls for economic democracy, to be achieved by "dismantling of the present economic structure and a redistribution of corporate ownership into the hands of workers." A person of few scruples, one of his worthy projects involved sending a letter to thousands of secretaries of business executives offering a $25,000 reward for evidence of corporate crime.

Gar Alperovitz—codirector of the Exploratory Project for Economic Alternatives (EPEA). Alperovitz has called for the public ownership of energy corporations and waxes eloquent about his "American socialist vision." In a 1977 article, coauthored with Jeff Faux, the other EPEA director, he asserted: "Given its dynamic of unrestricted growth, the modern corporation is, over the long run, incompatible with a planned conserving economy.... virtually every other Western industrialized nation has concluded that rational energy and conservation policies require public ownership."

Michael Harrington—economist, author, national chairman of the Democratic Socialist Organizing Committee (DSOC). His book *The Other Americans* is credited with inspiring the War on Poverty. The DSOC statement of principles calls for "the social ownership and democratic control of the means of production and distribution."

John Kenneth Galbraith—the Mantovani of pop economics, author of many tedious tracts chiding Americans for their affluence and lack of social conscience. After sniping at capitalism for years, Galbraith finally came out of the collectivist closet in 1973 with his book *Economics and Public Policy*, which called for "a new brand of socialism."

"The American people gotta forget this philosophical horseshit of free enterprise being a birthright," said Winpisinger.

Wade Rathke—head of the Association of Community Organizations for Reform Now (ACORN). Its People's Platform gives eloquent expression to its desire to enslave the business community: "In our freedom, only the people shall rule. Corporations shall have their role: producing jobs, providing products, paying taxes. No more. No less. They shall obey our wishes, respond to our needs, serve our communities." You will note no mention is made of profits, which obviously have been banished from ACORN's "freedom."

BIG SUPPORT

The Big Business Day socialists weren't alone in their efforts to vilify corporations. They received considerable aid and comfort from Big Labor. At its February meeting, the AFL-CIO Executive Council, the high command of the labor bosses, endorsed Big Business Day: "We agree with the broad objectives of this effort to focus public attention on abuses of corporate power." Besides Winpisinger, union sponsors of the gala affair included Douglas Fraser, head of the United Auto Workers, and now sitting on Chrysler's board; William Wynn, president of the giant United Food and Commercial Workers Union; Jerry Wurf, international president of the American Federation of State, County, and Municipal Employees; Robert Harbrant, president, Food and Beverage Trades Department, AFL-CIO; and Cesar Chavez, president, United Farm Workers of America.

The seed money for Big Business Day came from the Stern Fund, a foundation that has supported numerous left-wing outfits, including the Institute for Policy Studies; Rifkin's People's Bicentennial Committee; and the Foundation for National Progress, mother of *Mother Jones.* And there's evidence that the anti-business festivities were also financed, at least in part, with tax dollars. An editorial in the *Wall Street Journal* (April 17, 1980) mentioned the fact that the New Jersey Public Interest Research Group (PIRG), that state's sponsor of the day, received $354,293 in CETA grants. One wonders how much federal money, funnelled to a variety of state and local public interest groups by their friends in government, fueled the tanks of Nader's antibusiness blitz.

The object of Big Business Day and the ongoing efforts of ACACP is the enactment of something called the Corporate Democracy Act. The act constitutes a series of Nuremberg Laws for businessmen. Just as the Nazi statutes foreshadowed the destruction of European Jewry, the Corporate Democracy Act is designed to soften up corporations, to pave the way for their eventual demise as private institutions. The genocide will be directed at America's 800 largest corporations, the criteria for inclusion being assets or gross sales of $250 million, or 5,000 employees.

Introduced by Rep. Benjamin Rosenthal (D, N.Y.) as HR 7010, the bill is cosponsored by 14 of the most egregious economic illiterates in the House of Representatives. According to the National Taxpayers Union, this gang of 14 is among the top 25 percent of the big spenders in the nation's capitol.

BRINGING IN AUNT AGATHA

Title I of the Corporate Democracy Act requires that a majority of the directors of each company be "independent." An independent director is defined as an individual who has not been an officer, director, or manager of the corporation during the previous five years. Also disqualified are lawyers who have accepted fees from the corporation, employees of a commercial bank serving the company, and the officers, directors, and employees of suppliers and customers of the corporation. That bugaboo of antitrust freaks, interlocking directorates, whereby a person serves on the board of more than one corporation, are also prohibited.

Having thus ruled out all of the logical choices, where do the sponsors of the act propose that corporations turn for directors? Why to the Ralph Nader interest lobby, of course. Since businessmen traditionally associated with a given company will no longer be able to serve on the board, the Naderites hope to see board seats filled by community representatives, consumerists, environmentalists, and all of the other *ists* who use that amorphous term "the public good" as the excuse for their power lust.

Also contained in Title I is a provision for a vote of the shareholders on any transaction involving a purchase, sale, lease, merger, or financing if such transaction involves an amount equal to five percent or more of the firm's assets. But this totally misjudges, not only the real world of business decision making, but also the reason why investors buy shares rather than some other investment.

Such shareholder referenda on any major corporate decision will tie up a company for months in mountains of red tape. One purpose of a board of directors is to permit a rapid reaction to changing business conditions, as well as knowledgeable decisions by a group of individuals with a great deal of expertise. Instead of that rapid response, the corporate administration will be bogged down with mailing and counting millions of ballots, disseminating pro and con arguments from all over the country, and a protracted debate. Instead of bankers, lawyers, and Harvard M.B.A.s with their experience in the business world, major corporate decisions will be made by 10,000 Aunt Agathas, little old ladies and retired sanitation workers, from Passaic to Palo Alto.

When an investor buys a corporation's stock, he's investing in the company's products, assets, reputation, and future performance. He's also investing in the creativity, leadership, and judgment of a unique group of men and women—the company's officers and directors. What will happen to the sale of securities when giant businesses are run by people who probably have a hard time making out a mortgage application?

Title II concerns corporate disclosure. As part of its annual report, a corporation will be required to divulge: the names and addresses of its 20 largest shareholders, the racial and sexual composition of its work force (broken down by job classifications), total occupational injuries and illnesses, and daily emissions and effluents at each manufacturing facility. And that's just the appetizer. There's also a boilerplate clause authorizing the Securities and Exchange Commission "to require further disclosure to enable stockholders to make judgments on a firm's social performance and impact on the human and natural environment."

The thrust of Nader and his cohorts is not at all to let big business go it alone without big government help.

Whose rights are violated by this invasion of privacy? The rights of the workers, who may not want to be categorized racially or ethnically, and of the large stockholders, who have a right to privacy in their business dealings. The obvious intent of this section is to force quota hiring and permit the harassment of those with major interests in corporations. If any other organizations were compelled to disclose such information about its members, the civil liberties folks would be up in arms. The ACLU, however, *supports* the Corporate Democracy Act.

THERE'S NO ESCAPE

Title III is aimed at "employment maintenance." It's actually an effort to build a legal Berlin Wall around high-tax, antibusiness states—to keep businessmen from fleeing to less-hostile climes. It requires an incredible two years' advance notice, in writing, to close a factory or other facility if 500 jobs will be lost. Notice must be given to the secretary of labor, affected employees, and community representatives. The secretary is required to conduct an investigation, hold hearings, and subpoena witnesses to determine whether the closing is "justified." There's no mention of what action the secretary of labor may take if the closing is unjustified, an item that will undoubtedly be left to bureaucratic discretion.

As further punishment, the erring corporation will be required to pay to discharged employees "weekly maintenance income" equal to 85 percent of their average salary, as well as full fringe benefits, for an entire year. The corporation must also pay to each affected unit of local government an amount equal to 85 percent of the tax revenue to be lost in the first year by the closing.

This concept was pushed by then governor of Massachusetts Michael Dukakis at the 1976 Democratic convention. It will principally benefit those eastern states that have destroyed their industrial base by pernicious fiscal policies. Weak companies will be hurt the most by these restraints. Companies in financial trouble often have to cut back their operations, or redirect their production activities, to remain solvent. Such burdensome regulations and obligations may very well drive these firms into bankruptcy.

With other companies, the employment maintenance provisions of HR 7010 will go a long way toward institutionalizing low productivity, by making it more expensive to close an ailing plant than to continue operations. And as a number of business organizations have pointed out, the two-year notice provision will effectively lock in the decision to close a facility. Normally such a move is always subject to change, to reflect changing

economic conditions. The Corporate Democracy Act, by forcing notification of the intended closing to employees, customers, and creditors, will make a change in plans impossible. Employees will begin looking for new jobs and customers will find other suppliers. This section of the act could end up costing more jobs, even in the short run, than it saves.

On the whole, this section of the Corporate Democracy Act is yet another attempt to abrogate economic laws via the political process. A business enterprise is like a tree. Sometimes it's necessary to cut off a dying limb so that the rest of the organism can thrive. No one likes to see factories close and people lose their jobs. But which is worse, one factory closing or a corporation being forced out of business because Nader and friends won't allow it to economize? Sometimes an entire industry dies so that another, more vibrant, dynamic, industry can replace it. This happened in the 19th century when the petroleum industry made whale oil a museum curiosity. The history of enterprise is one of movement, change, and innovation. That's the genius of capitalism. In the free market, economy, quality, and improvement triumph, pushing old products and processes aside. And we are all—workers, investors, and consumers—better off in the long run.

WORKERS FOREVER

Title IV concerns itself with the "rights of employees" and has the potential for doing the most damage. This section amends the National Labor Relations Act to prohibit employee termination because of the exercise of "constitutional, civil or legal rights." It also makes it unlawful to discriminate against (example: pass over for a raise) or fire an employee except for "just cause."

Again we confront the old Marxist doctrine that a worker has a "right" to a job. Who created the job? Whose capital sustains it? Who runs the enterprise that makes the job possible? Never mind. The worker has the job, therefore it's his, by some sort of squatter's rights.

What constitutes just cause: coming to work an hour late for an entire month? drinking on the job? giving the foreman a hot foot? Conceivably every decision to fire, or not to grant a raise, will become a National Labor Relations Board case, involving thousands of dollars in litigation. It will create tenure for every worker covered by the act, by making it far more profitable to keep little Sally, who types 25 words a minute, in the secretarial pool, than to dismiss her and fight the decision to the Supreme Court.

As for the prohibition against firing an employee who exercises his "constitutional, civil or legal rights," this is a confusion of political and economic rights. A person has a right to the public exercise of free speech; that doesn't give him the right to make a speech in my living room. It doesn't obligate *anyone* else to provide him with a forum.

But that's precisely what Title IV will do. Imagine, if you will, a worker who constantly attacks his employer in the most derogatory terms, devoting considerable time and effort to convincing the public that the company's product is inferior, defective, overpriced, etc., and management is made up of nasty brutes. The company will be statutorily prohibited from terminating the employment relationship. After all, the employee has a right to freedom of speech.

A more extreme example: Let's suppose an employee begins aggressively proselytizing for racism on the job. With HR 7010 in effect, the employee will be immune from the action that any sensible business would take. He's just exercising his constitutional rights.

WHO WANTS THE CDA?

The Corporate Democracy Act, by castrating management, institutionalizing low productivity, and giving employees a political right to their jobs, will paralyze major corporations. Which is exactly what its socialist proponents intend. When these new Naderized corporations fail, their nationalization will be "imperative."

What an exciting prospect! Perhaps the Postal Service, which can't deliver the mail on time, will build our cars and run the airlines. The public education establishment, which has failed at teaching Johnny to read, will direct the television networks and publish books and newspapers. Instead of agribusiness, the bureaucrats at the Department of Agriculture can feed the country. America will at last be free of the grasp of giant corporations. Free to stagnate.

The Corporate Democracy Act is merely one manifestation, dangerous though it may be, of general anti-business attitudes. The intellectual steam for Big Business Day needs to be examined.

Corporations are undemocratic: Decisions are made by the officers and boards of directors instead of the shareholders. Corporations are autocracies, ruled by a business elite.

This charge elicits an enormous yawn and a so-what reaction. What shareholder in his right mind wants to control the company in which he's invested? The overwhelming majority of

"HURRY! TAKE THE **FORD** AND GET THESE RELEASES DOWN TO THE AIRPORT **HILTON**! RALPH'S COMING IN ON **TWA** AND HIS PRESS CONFERENCE IS BEING COVERED BY **ABC**, **CBS**, AND **NBC**!"

investors are concerned solely with profits, in the form of an increase in dividends or equity. If that profit isn't forthcoming, they vote with their bucks—by selling the company's stock. What could be more democratic?

Unlike government, which we are all required to "invest" in, no one is forced to buy shares in a corporation. The investor obtains his stock with the full realization that he isn't buying proportional control of the company. As Robert Hessen states in his book *In Defense of the Corporation,* "I will argue that shareholders own it [the corporation], that the officers make the decisions without consulting the owners, and that this relationship is unobjectionable because it rests on the principles of choice, consent, and contractual authorization."

GREEDY MONSTERS?

Corporations are ripping us off: a number of large firms (an oligopoly) dominate each product market, allowing the firms to charge inflated prices.

The term *oligopoly* is a wonderful device for the antitrust folks. Since they can't prove that any industry is controlled by just one company, they level the charge of oligopoly—rule by the few. The Naderites have thus devised a numbers game they can't possibly lose. Whatever companies represent a majority of sales in a given market are labeled an oligopoly. Since there are always a certain number of firms which, taken together, have most of the business, the charge can always be proven. That these companies compete with each other, with smaller firms in the same industry, with large and small firms in industries making substitute products, is never discussed.

To give you an idea of how these greedy monsters are abusing us, last year all corporate profits represented 9 percent of national income. By contrast, the earnings of employees represented 73 percent of national income. By the way, 60 percent of these excessive profits are plowed back into the business, to expand production, improve products, and create new jobs. The remaining 40 percent is distributed to the 25 million fat cats (you can imagine how fat) who are corporate shareholders.

Corporations are corrupting the political process: business spends millions of dollars to elect its friends to Congress, and that combined with its lobbying effort gives big business enormous political power.

The political activities of corporations don't exist in a vacuum. In the 1978 congressional elections, the combined contributions of union political action committees (PACs), $10.3 million, exceeded the contributions of corporate PACs, which were $9.8 million. There were no corporate PACs among the top 10 campaign contributors. But *union* PACs accounted for 6 of the top 10, among them Mr. Fraser's UAW and Mr. Winpisinger's Machinists and Aerospace Workers. The most money contributed by a corporate PAC, International Paper Company, amounted to $173,056. By contrast, the United Auto Workers spent over five times that amount: $964,465.

While there are corporate panhandlers, such as the companies seeking higher tariffs to stifle foreign competition, most corporations try to buy protection through lobbying and campaign contributions. The objective is to prevent Congress from passing a new tax or another arbitrary regulation. There's nothing sinister about a political effort to protect individuals' property from predatory government or the right to do business free from meddlesome bureaucrats.

YE OLDE PUBLIC INTEREST

Corporations put profits before people: business isn't concerned about minority hiring and protecting the environment; it doesn't operate in the public interest.

The obvious question is, by whose standards? Most corporations fit my definition of operating in the public interest perfectly. They offer us a dazzling array of goods and services, while creating jobs and providing investment opportunities.

As a matter of fact, businesses contribute millions of dollars annually to charities. And between 1970 and 1977, private enterprise spent $51.6 billion to clean air and water of industrial wastes. But that's begging the question. The right of people to engage in industry or commerce isn't premised on the social utility of their actions. Rather, it flows directly from the right of individuals to take purposeful action to sustain their lives. A corporation, after all, is nothing more than a term applied to the relationship of a group of individuals—owners, managers, and workers. Each has a right to invest his resources or expend his time and effort for his betterment. No further justification is necessary.

In the final analysis, what is it that Ralph Nader wants? What is the motivation for 15 years of carping at corporate America—for public interest groups, consumer alliances, trust busting, congressional investigations, and journalistic exposés?

While aggressively pursuing means, Mr. Nader is understandably reluctant to discuss his ends. Unlike Jeremy Rifkin or Gar Alperowitz, he has an image to maintain. It's rare that he lets his hair down.

One of those rare occasions was a 1975 interview in *Rolling Stone* magazine. In his utopia, Nader declared, people will be free of big business. They will have escaped the cities to find solitude and contentment in a bucolic existence. "They can grow their own gardens, they can listen to the birds, they can feel the wind across their cheek [*sic*], they can watch the sun come up. And within a five or six block perimeter, they find they have their stores, their schools. They have their parks, they have their libraries... compared to a big city where all of these things are far away."

To call Nader a socialist is an oversimplification. He's really a feudalist at heart. His goal is to abolish the Industrial Revolution and drag humanity back to a simpler time. His ideal is a society modeled after the medieval village, where everyone lives in small communities, subsists off the land, and barters the handicrafts they have fashioned in their huts at night.

If America is ready to trade television, pocket calculators, synthetic fabrics, stereos, books by the millions, central air conditioning, and wonder drugs—all "forced upon us by big business"—for this meek new world, Ralph Nader is ready and eager to lead us to it. ◻

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THE REGISTRATION PLACEBO

America's real defense needs will not be met by draft registration

FACED WITH THE PROSPECT of Soviet control of the Persian Gulf, and therefore of the West's supply of oil, President Carter promised in his State of the Union address to use force if necessary to defend the region. And to help do so, he proposed renewal of draft registration.

In reality, however, the defense of the Middle East neither necessitates nor benefits from renewed registration. Even Carter administration officials admit that registration would reduce by only a couple of weeks—the Defense Department says eight days—the more than six months needed for mobilization. Rather, the president intended his call for registration to send a "signal" to the world that the United States is indeed prepared to fight.

But registration sends an entirely different signal to the American public: that registration will solve our defense problems. It could thus actually *divert* national attention from our real security needs; as Sen. Henry Bellmon (R-Okla.) notes, "Registration is a placebo that will only make us think we're doing something real."

These security needs include ensuring that both our active and our reserve military forces are at full strength and combat-ready *now*, not six months after an attack—a readiness that can be achieved by fully supporting the volunteer armed services; deploying any necessary deterrent weapons, such as the neutron warhead; and ending counterproductive regulations, controls, and taxes, to allow the United States to dramatically increase its oil production, thereby reducing our vulnerability to Soviet control of the Middle East oil flow.

The actual difference in the cost of a volunteer force and a draft amounts to less than one-fifth of one percent of the defense budget.

To some, however, those security needs also include peacetime draft registration and, eventually, a peacetime draft. Former HEW Secretary Joseph Califano summarized the pro-draft case when he argued recently that "all-volunteer force is an expensive, inequitable, and dangerous vestige of the Vietnam War." Califano is wrong on all counts.

The contention that the all-volunteer force (AVF) is more expensive than a draft ignores three important factors. First, many of the pay and benefit increases accorded AVF members would have been given even if the draft had been continued. According to Richard Cooper of the Rand Corporation, the additional "several billion dollars a year" required on paper by the AVF amounts to an actual annual difference of only about $300 million, or less than one-fifth of one percent of the defense budget.

Moreover, volunteers are more likely to reenlist than draftees are; the retention rate of the armed forces has actually risen since the creation of the AVF in 1973. Not only are training costs thereby reduced, but the servicemen, being experienced, have a greater fighting effectiveness.

Finally, a draft arbitrarily extracts people from productive occupations and places them in, economically speaking, nonproductive enterprises.

(Continued on p. 37.)

BY KEVIN HOPKINS AND DOUG BANDOW

How Do You Know Your Doctor's Not a Quack?

by Dallas Cooley, M.D.

Present medical licensing is a sham. A doctor points the way to better protection for medical consumers.

WHEN YOU GO TO A DOCTOR, what you really want to know about that doctor is how he or she has done with previous patients. How *competent* is this doctor? Yet unfortunately, the license hanging in your doctor's office has little, if anything, to do with the question you want answered. It tells you that this doctor graduated from an accredited medical school, did the required internship, and passed the medical boards, but not much beyond that. For it is a fact that under the present licensing system, it is the exception rather than the rule for incompetent health care professionals to lose their licenses. And that doesn't sound like very good protection for consumers. Could it be that that wasn't the goal of licensing anyway? And that, the way licensing works now, it's not the best way to protect people from quacks?

Medical licensure in America dates back to the original colonies in the 17th century. Early laws were very loose, however, and enforcement was sporadic. So for a long time medical care was provided by persons in a variety of professions, including ministers, southern planters, barbers, and ships' doctors.

As American society developed in the late 1700s and early 1800s, a number of medical schools were established, and these produced an ever-increasing group of "official" physicians. These official physicians in turn established state medical societies, which proceeded to lobby—successfully—for licensure laws in most states. Not surprisingly, the medical societies asked for and were granted the power to establish the criteria for licensing.

The requirements for obtaining a license varied, but one criterion became almost universal: possession of a diploma from a medical school. With diploma in hand, licensure was almost automatic. In fact, many states waived the requirement for any qualifying tests if a person had acquired a medical degree. This led to the development of "diploma mills," proprietary (privately owned) schools that issued "diplomas" without providing much medical training. Some schools even issued diplomas simply for the payment of a fee. While not all proprietary schools operated this way, diploma mills were quite common.

This was an undesirable development (since it debased respect for *all* diplomas), but it was a natural and predictable reaction to government licensure of medicine. In effect, licensure told people to judge health care professionals, not by their ability, but by their credentials. The door was opened for charlatans of all types to acquire respectability in the medical field. The result was a deterioration in medical services—a paradoxical result from the vantage point of our own day, when professional licensing is seen as the best way we can come up with to protect consumers when they need a service as important as health care. In fact, however, we see that state legislatures did not mandate medical licensing in response to some popular outcry against shoddy medical practices; rather, such laws were passed at the urging of the medical establishment itself.

By the early and mid-1800s, medical diplomas bore little relationship to medical competence. Many states responded to this unintended consequence of their earlier actions by repealing licensure laws. By 1849, only the District of Columbia and New Jersey retained any real control over who could practice medicine. Further developments awaited the American Medical Association (AMA).

GETTING ORGANIZED

The AMA was founded in 1847 on a two-pronged policy position: (1) that medical students should acquire a suitable primary education, and (2) that a uniform, elevated standard be adopted by all medical schools in awarding degrees. Again, the aim was to make the quality of official practitioners of medicine more consistent.

To accomplish its goal the AMA first directed its energies toward reinstatement of licensure requirements. With the financial and political power of physicians behind it, this was quickly accomplished. By 1900, almost all states again had passed and were enforcing licensure requirements. In 1903, 31 states required both a diploma and an examination to obtain a medical license. And many states, following the policies of the reformist Illinois Medical Society, granted licenses only to those with a diploma from a school certified by the Association of American Medical Colleges, an organization formed under the auspices of the AMA.

And control over the caliber of medical schools was the AMA's next focus of attention. The earlier experience with licensing and diploma mills had taught the "official physicians" that licensing was not enough to keep the profession free of unofficial healers. Interestingly, during this period (1899-1925), the AMA was led by one "Doc" Simmons, a skillful political manipulator.

Simmons left the field of journalism in 1884 to launch a career of medical quackery in Lincoln, Nebraska. In newspaper ads and brochures, he claimed to have a medical education from various institutions that were in fact nonexistent. He had received his only "authentic" degree from one of the many diploma mills that sold them through the mails. Simmons's activities included providing abortions and running a mas-

sage parlor, a beauty parlor, and a fraudulent sanitarium. Through political maneuvering, Simmons rose to gain control of the AMA.

Charlatan, thief, and liar, this was the man who controlled organized medicine for the first quarter of the 20th century and molded its "code of ethics" (including a ban on advertising). Under Simmons the AMA was to become *the* dominant voice in who could practice medicine.

In its attempt to standardize medical education in America, the AMA first directed its wrath toward proprietary medical schools. The AMA was disturbed that some of these schools trained persons from the "poor and working class" to be physicians, the "very kind and class of people the 'profession' was trying to keep out." It is pretty clear that the intent of the AMA was not only to raise the quality of medical education but also to improve the social status of the profession. And so it did not put its seal of approval on many of the proprietary schools. Graduates of unapproved medical schools challenged the AMA in court, but the courts held that state boards had the authority to establish criteria for licensing.

Some proprietary medical schools run by physicians with political influence in the state societies were classified as approved even though the level of education was below that at many other schools that were not approved. One example at the time was the College of Physicians and Surgeons of Columbia University. Clearly, licensing that depended on having a diploma from an "approved" school opened the door to political, rather than strictly professional, considerations.

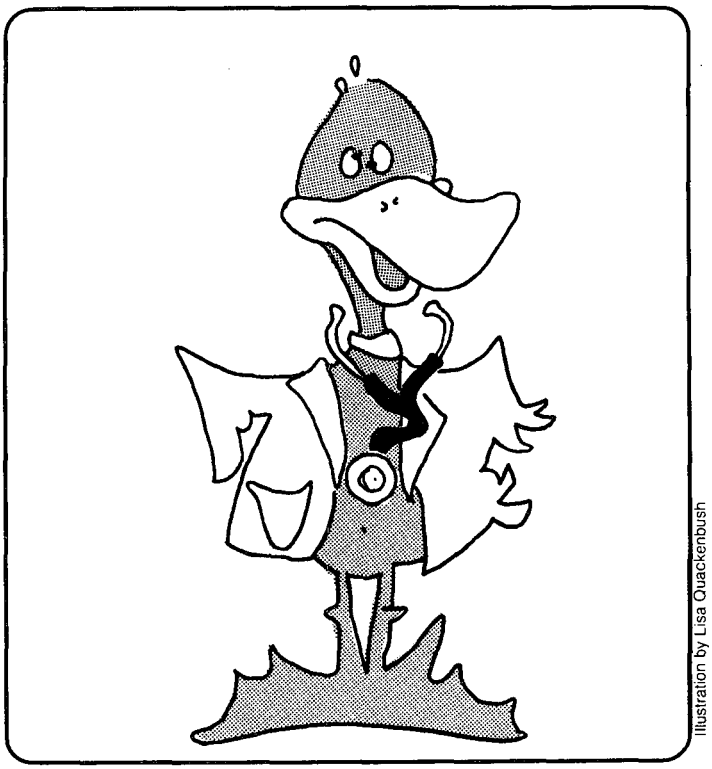

Illustration by Lisa Quackenbush

TOO MANY DOCTORS, TOO MANY SCHOOLS

The Flexner Report, published in 1910, strengthened the reliance on approved schools in the licensing process. The background of this influential report and its author, Abraham Flexner, is enlightening.

Flexner was not a physician or a scientist or a medical educator. He had earned a degree in arts from Johns Hopkins University, had operated a private preparatory school in Kentucky, and then joined the Carnegie Foundation. As part of a Carnegie Foundation project to provide funding to upgrade medical education, Flexner made a tour of existing medical schools. The deans of the schools, hoping to receive Carnegie grants, laid bare all of their problems.

A few years later the AMA's Council on Medical Education joined with the foundation to produce a formal evaluation of the medical education system. Flexner, using the material he had collected for his report and setting forth Johns Hopkins as a model of the "ideal" system, evaluated the facilities, the faculties, and the curricula of the medical schools. The judgment of some schools was based on no more than half-day visits. There was no attempt to evaluate the caliber of any of the schools' actual graduates. Flexner's aim was to standardize curriculum and teaching techniques in medical schools.

The philanthropic image of the sponsoring Carnegie Foundation lent considerable respectability to the policy recommendations of the Flexner Report. The report concluded that a substantial number of existing medical schools should be closed, that standards should be raised in the remainder (only three medical schools—Johns Hopkins, Harvard, and Western Reserve—were given a clean bill of health), and that admissions should be sharply curtailed.

Flexner argued that the country suffered from an overabundance of doctors and that it was in the public interest to have fewer doctors who were better trained. The public would be protected from the consequences of buying medical services from what were deemed to be inadequately trained doctors if the "poorer" medical schools were put out of business.

With the Flexner Report in hand, the AMA and state medical societies went to the state legislatures for reform of the licensing laws. From now on, only people who had graduated from AMA-approved schools—approved by the Flexner criteria—would be allowed to take the licensing examinations. In this way, the medical establishment gained essentially complete control over entry into the practice of medicine. The effect was to reduce the number of medical schools. In 1906 there were 162; by 1920 there were 85; and the number had fallen to 69 in 1944. The number of graduates from these schools declined from 4,400 to 2,656 just between 1910 and 1919.

Equally dramatic was the effect on minority representation in the medical profession. Reuben Kessel, in a detailed look at the Flexner Report, comments:

> *Flexner's views on medical education for negroes were patronizing: "A well-taught negro sanitarian will be immensely useful; an essentially untrained negro wearing an M.D. degree is dangerous."*

Following implementation of the Flexner Report, the number of medical schools serving blacks dropped from seven to two. And the number of women and Jews in medical schools showed a marked decrease.

Because of the increased cost of instituting and maintaining the mandated reforms, and with potential medical students clamoring for a greatly reduced number of openings for new students, fees for attending

medical schools rose so much that all but the wealthy were effectively excluded. The profession had come a long way from the day when a person seeking medical care might be treated by a minister, a barber, or the "graduate" of a diploma mill. Of course, all of this meant a vast improvement in the social standing and economic well-being of physicians. Licensure and the restrictions on medical schools meant fewer physicians, from "proper" backgrounds, making more money because of less competition.

But licensure of physicians, dentists, and other health care professionals was not made the law of the land because it is a good deal for them (even if that was the true motive behind the professionals' lobbying for the laws). The lawmakers agreed to "a partnership between government and medicine" because they believed that without legally enforcible standards in the profession, the public would run the serious risk of being duped by quacks; sick people might easily fall into the hands of charlatans and not receive the proper care available under established methods of treatment.

Today, some of the side-effects of this remedy are quite apparent. Economic studies have shown that, as in any other case of reduced competition, the prices people pay for medical care are higher than they otherwise would be. Unorthodox health care providers such as chiropractors find it extremely difficult to offer their services to the public. The high cost of medical education prompts government to subsidize most students so that the profession is not open only to the rich. And so on. Yet whatever the disadvantages of licensure backed by the control of medical education, it is widely believed that they are outweighed by the advantages provided to society. So the million-dollar question is whether this common belief is justified. How well does licensure really protect the public?

PROTECTION THAT ISN'T

All of us in medical practice know at least one and possibly several physicians or dentists who do not provide very good care. But how many of these doctors are reported to the state licensure boards? Very few. There are, of course, exceptions, where the offenses are blatant or where the deficiencies in judgment create a major hazard to a large number of people.

Why are incompetent physicians and dentists not reported to licensure boards more frequently? It is not because health care professionals are in favor of protecting incompetents in their midst. But the procedures leading to the revocation of a license so favors the accused that the likely result of reporting incompetent physicians is embarrassment to the accuser with no action taken against the accused. It is like the case of a woman who is raped: if she presses charges it is she, and not the rapist, who endures the embarrassment, emotional trauma, and potential loss of reputation.

In many cases the procedure for revoking a license is so complicated that the status of licensure is little more than a sham, as a few examples will show.

Why are incompetent physicians and dentists not reported to licensure boards more frequently?

- A physician was accused of sexually molesting a young girl in his office. To avoid a lengthy trial, the county prosecutor agreed to enter into plea bargaining. This resulted in the charges being dropped in exchange for the physician agreeing to leave the area in which the incident occurred. He moved to another part of the state and established a new practice. Although the physician was never convicted, the publicity that surrounded the case prompted several individuals to alert the prosecutor's office to similar instances of sexual abuse of other young female patients, cases not previously reported.

Did the state licensure board look into a single one of these cases? It did not. It took no action whatsoever.

- A physician was convicted in federal court of Medicaid fraud and sentenced to a term in jail. The rules of procedure in the state where he was licensed specify that before a license can be revoked a physician is entitled to a hearing before the licensure board. Since this convicted physician was in jail, he could not have his hearing so his license was not revoked.

Prior to going to jail this physician had a malpractice-consultation service that he advertised nationwide. He would agree to testify in any malpractice suit against any physician in any state, claiming to be an expert in any specialty. While in jail he continued to offer his services (his testimony to be taken by deposition), still claiming (rightfully) that he had a license to practice medicine.

- There was a case of a physician who was well known to those who had worked over the years in the emergency rooms of a large city. He was known because so many patients on whom he had performed therapeutic abortions had hemorrhaged, become infected, or developed other complications and had to seek emergency treatment.

He was accused of murder as a result of the death of a young woman following one of his procedures, but his license could not be revoked because of the way in which the licensure laws were written. While awaiting trial he had to leave his practice in the city because of the publicity surrounding the case. But he was able to go to a neighboring jurisdiction, where he held a second license, and continued to practice there.

These are just a few examples of the inadequate protection given society under our present system of licensure. The problem cannot be solved by revising the licensure laws so that it's easier to revoke someone's license in such cases, because that would be *unjust.* If an employer fires a worker for incompetence, there is no injustice. Why isn't he entitled to a hearing before impartial jurors to make sure that the employer's accusations are correct? Because there is no legal compulsion involved. The worker can attempt to sell his services elsewhere—he is not prevented by law from plying his trade. But once a license is required by law in order to practice one's profession, revoking that license ("firing the worker") does involve compulsion. *By law* the person is prevented from offering his services any longer. And because of our constitutional commitment to the right to be free of compulsion unless one has committed a crime, it is unjust to deny an individual a license because he is *accused* of wrongdoing. Involvement of government in the licensing process means that innocence must be assumed until guilt is proven, by the rigorous methods required in a court of law. But there must be a better way to protect health care consumers!

PROTECTION FROM WHAT?

Were it not for quacks and frauds, of course, most people wouldn't see any need for government licensing. But what is a quack, really? It usually turns out to mean someone who uses methods of treatment different from those of the person using the term. (There is one major exception to this use of the word—Christian Science Healers. They are not referred to as quacks, at least publicly, because religious beliefs are involved.) Physicians often refer to chiropractors as quacks, naturopaths as quacks, etc. But many people have experienced relief of symptoms from these practitioners—symptoms that physicians, with their "standard" modes of therapy, have been unable to relieve.

I believe that the greatest criticism that can be directed at these unorthodox disciplines of health care is their failure to know their limitations and stay within them. But physicians, with their licensing laws, have contributed to the problem! Their code of ethics, which is enforcible via the licensing process, prevents them from performing consultations for chiropractors. Radiologists cannot report the results of X-ray studies to chiropractors.

Moreover, physicians are open to the same criticism—not knowing their limitations. Witness the number of patients suffering from "nervousness," anxiety, depression, etc., treated with psycho-therapeutic drugs, drugs that only mask symptoms and do not treat the underlying problem. If a physician treated a patient with recurrent severe headaches by prescribing strong doses of narcotics and did not investigate whether the patient had a brain tumor, he would justifiably be criticized. But giving an anxious patient tranquilizers is considered reasonable therapy. So the term *quack* is clearly a circular one: licensing is to protect us from quacks, but quacks are those who are not licensed!

The other main rationale for licensure is the possibility of deception, that someone might falsely claim to be a physician or dentist or nurse. Of course, this can and does happen even with licensing. Fake licenses, just like fake passports, can be bought. What happens to such people when they are caught? They are taken to court and penalized for fraud and misrepresentation. It is not licensing itself, but existing statutes prohibiting fraud, that protects us from fakes.

So this is where we stand with licensing: The license hanging in your doctor's office doesn't tell you for sure that he's not a quack. The so-called quacks who are not permitted to obtain licenses are not necessarily incapable of treating some disorders. Frauds we have other protection against. And the whole process of government licensing discourages other doctors—the ones most likely to know—from reporting an incompetent colleague. There must be a better way!

WHITHER LICENSING?

Suppose a decision were made that one year from now health care professionals would no longer require a license in order to practice. Far from spelling disaster for the consumer, the new arrangement would give rise to a system of protection that is superior to licensing in every respect.

We would see developing a variety of "accrediting" organizations. Nationwide we now have the various specialty boards and medical "colleges," such as the American College of Surgeons and the American College of Obstetrics and Gynecology. We also have such organizations as the American Medical Association, the American Association of Physicians and Surgeons, and the American Dental Association. On the state level, we have state medical societies and state specialty societies. On the local level we have specialty societies, county medical and dental societies, and hospital staffs. Any or all of the groups could, with little modification of their present structure, become "accrediting" organizations. Why *would* they? Their membership would no doubt demand it so that they would have, in effect, letters of recommendation to their prospective employers—that is, health care consumers.

Local health care professionals would probably associate based upon similar philosophies of what constituted good care.

Of even greater importance to the people in a particular area would be the development of competing local groups of health care professionals. They would probably be in the same field, such as pediatricians or surgeons. They would probably associate based upon similar philosophies of what constituted good care. They would establish standards of practice and methods of "policing" members within their group to see that these standards are maintained. It would be in their interest to weed out incompetents so that customers remain satisfied and return with their business the next time they need care.

All of these accrediting groups would find it advantageous to establish the highest of standards and to inform the public of what these standards are and what mechanism had been established for ensuring that their members maintained these standards. Would there be a tendency to oversell themselves, exaggerating their quality in order to win customers? Other features of the new system would protect against this. For example, it would be in the interest of health insurance companies to keep the various accrediting groups honest by evaluating them and denying payment for services rendered by a member of a substandard group. Malpractice insurance rates could be negotiated by the individual accrediting organizations; the greater the competence of their members, the lower their rates. So there would be a number of forces working to ensure quality in medical care and to foster consumers' ability to distinguish and choose among a healthy variety of providers.

And why involve the government in this process? It opens the way to corruption, drives up the price of medical care, and distorts incentives so that known incompetents are left to practice at will.

So the next time you turn to the yellow pages of your phone book to pick out a doctor, and all you know about the scores of doctors listed is that each has an identical license to practice in your state, think about it: Isn't there a better way to know your doctor's not a quack? ◻

Dallas Cooley, M.D., is the editor of Vital Signs. *This article is adapted from one that was published in* Vital Signs *and for which Dr. Cooley acknowledges the research of Steven Beckner and the help of Jarrett Wollstein.*

Conning Journalists for Psychiatric Profit

Every day, journalists who think they're being objective are parroting others' value judgements.

BY SHELDON RICHMAN

The prostitute resembles the journalist in that neither is expected to experience any feeling; but she differs from him in being able to experience feelings.

—Karl Kraus,
Austrian satirist, 1908

ONE OF THE PARADOXES of newspaper journalism is that objective reporting so often winds up as masked promotion of a particular point of view. Why? Because objectivity—the first commandment of modern-day journalism but a pie-in-the-sky ideal in the cultural milieu—has come to mean *noninterpretive reporting*. That means not lacing the news with the reporter's own opinions. But journalists lean on accepted authorities for information, and that information comes packaged in the *experts'* interpretation.

One of the results is that the views of the mainstream receive the most promotion. The problem isn't just that the writer ignores or is ignorant of minority views but that the conventional wisdom becomes the unspoken premise of all that is written. As a matter of rhetorical strategy, there is no more effective way to promote an assumption as fact than to act as if it need not be promoted—or even mentioned. When the press does this, even unwittingly, it narrows public debate on important matters, which is unfortunate for a society proud of its free marketplace of ideas.

Even if they couldn't say what "objective reporting" actually means, most reporters would agree that it doesn't include presenting moral judgments as scientific facts. Yet they do so all the time because their sources, the experts, use scientific language to express moral judgments, favorable and unfavorable.

Most language is not value-free. It is rhetorical, in the old, nonpejorative sense: its aim is to persuade or to prescribe, not simply to describe. Journalists are accessories to advocacy when they fail to realize this.

Nowhere is this more evident than in coverage drawing on the mental health field. But journalists are only the fall guys in a con perpetrated by mental health authorities, who go out of their way to couch their views in the seemingly value-free language of science. The rhetorical purpose is to gain the respect accorded the hard sciences and to have their assertions accepted by the lay audience—and government—as facts, rather than as judgments about how people should live.

"The attempt to escape from, or to deny, valuation is, for obvious reasons, especially important and dangerous in psychology, psychiatry, psychoanalysis, and the so-called social sciences," writes Dr. Thomas Szasz, long-time critic of the field. "Indeed, one could go so far as to say that the specialized languages of these disciplines serve virtually no other purpose than to conceal valuation behind an ostensibly scientific and therefore nonvaluational semantic screen."

Journalists who would never accept a politician's statement on its face fall for the same linguistic legerdemain when performed by "mental hygienists." Reporters taught in journalism school to confirm even their mother's professions of love are awed by the diagnoses of psychiatrists. Fascinated by the scientific insights they are privy to, journalists parrot them as revealed truths.

Examples are not hard to come by. In focusing on several, I draw on the work of Dr. Szasz, who for more than 20 years has argued that mental illness is a literalized metaphor for misbehavior and that the endeavors of the mental health establishment are "rhetoric, religion, and repression," not medicine. That Szasz's work is, not atypically, ignored by the writers whose work I'll review is testimony to the "mainstream effect" that results from journalists' reliance on accepted experts. For Szasz has been nearly a lone voice within the mental health field in his attempts to unmask its rhetoric.

A MELANCHOLY CASE

Under the headline "Depression—The Sickness of the '70s," Henry Allen of the Washington Post News Service recently appeared in the *Wilmington* (Delaware) *Sunday News Journal*. "Depression severe enough

to require medical treatment...is a common disease, and growing commoner," Allen declares. The evidence? Estimates from a government-funded project that 15 percent of the American people have this disease and, from other sources, that one woman in six and one man in 12 will suffer a "major depression." Depression is prevalent in "economically deprived areas," he adds, and is "a cause in half to two-thirds of suicides." The article ends on an optimistic note, quoting a psychiatrist who says, "Depression is one of the only mental illnesses that can be completely cured."

What is the problem with this? It is that the writer shows no awareness of any need to explain why depression is called an illness. If that seems silly, it only shows how firm this unspoken assumption is. Yet from a commonsense view, the article itself unwittingly suggests many questions about the idea that depression is a disease requiring medical attention.

Allen begins with what is presumably a typical case. "A few years ago a certain United States senator begins to notice that he had prodigious stores of energy in the autumn weeks before Election Day. Without perceptible fatigue he could and did deliver three and four speeches a day on his own behalf and that of his political allies. He slept as little as two or three hours a night for days on end.

"But once the citizens' votes were cast, the senator would collapse in a profound, paralyzing melancholy in which his life and work would seem totally devoid of worth and meaning. He would scarcely leave his house.... The Senate almost always is in adjournment between Election Day and the first of the year, and by that time the senator usually was getting back on his feet. In time the senator's mood swings grew more severe, and finally his family and staff became so concerned about his behavior that he sought psychiatric help. Dr. Frederick Goodwin, a psychiatrist now on the staff of the National Institutes of Mental Health who treated the senator and tells this story, quickly diagnosed the problem as manic depression and prescribed treatment with a lithium compound."

Goodwin tells Allen that the senator had a "beautiful response to the drug" and did not experience his "annual high." A year later, still on lithium, the senator ran for reelection. "He didn't get manic," Goodwin recalls. "And he didn't get elected."

True to his profession, the psychiatrist refuses to attribute anything but good to the drug. Allen tells us: "The psychiatrist, pointing to the strength of the senator's opponent and other political factors, doubts that his patient's recovery from manic depression caused his defeat."

Is the senator's disease evident from this Allen-cum-Goodwin account? Is this "mania" materially different from the invigoration people commonly feel when pursuing an all-consuming goal? Is this depression different from the common let-down that often follows its achievement? And, more to the point, does the psychiatric explanation shed any more light than the commonsense analysis available to everyone?

RELATIVE MISERY

From this case, Allen culls the causes and symptoms of this disease. He quotes the *Comprehensive Textbook on Psychiatry,* by Dr. Gerald L. Klerman: Depression is "generated not so much by the absolute levels of misery as by the relative gap between rising hopes and falling expectations.

Reporters taught to confirm even their mothers' professions of love are awed by the diagnoses of psychiatrists.

The earth's resources are limited, the human population is expanding uncontrollably and recent socio-political movements have proved themselves incapable of generating the utopian futures promised by the ideologies. These historical changes seem to be associated with an increase in the incidence of affection disorders, particularly depressive states."

Among the symptoms Allen lists are: dependency, huge expectations that inevitably lead to disappointments, disturbed sleep and appetite, loss of energy and interest, slowed thinking, self-blame and inappropriate guilt, abnormal fatigue, headaches and other pains, nausea and irritability. A manic person, on the other hand, may exhibit "extreme agitation, aggression, constant restlessness and talking, grandiosity, spending huge amounts of money."

Regarding treatments, Allen notes that psychiatrists are fond of drugs, psychotherapy (that is, in one approach: "talking in which the therapist shows the patient that his self-image as a loser is in fact inaccurate"), and electroconvulsive therapy ("the dread shock therapy" that Allen says is "regaining a bit of respectability").

Other forms of therapy include jogging and painting. Lest these imply that "home remedies" are effective, however, Allen reports that self-treatment of mental illness is itself a cause of mental illness: "Self-treatment of depression with alcohol and with illegal drugs in fact is a major causative factor of alcoholism and serious drug abuse, according to Goodwin."

The article may seem objective. But by relying on Goodwin and other psychiatrists as authorities, by reporting their judgments as facts, by failing to look for proof of their assertions, and by ignoring contrary interpretations, Allen promotes the established medical view of depression and all mental illnesses: They are diseases like pneumonia or cancer. They have verifiable symptoms and causes. They can be cured by medical specialists called psychiatrists, employing therapeutic techniques.

But a strange disease indeed! Here is a malady caused by "rising hopes and falling expectations" and "historical changes," whose symptoms are common experiences of life and clearly imply value judgments (*huge* expectations, *abnormal* fatigue, *inappropriate* guilt, *huge* amounts of money), whose cures include tranquilizers, electrically induced convulsions, and conversation about one's self-image.

HOW DOES "DISEASE" HELP?

"A person who feels sad may be said to be dejected or depressed," says Dr. Szasz aphoristically in *Heresies.* "A person who claims to be God may be said to be a boastful liar or a deluded schizophrenic. The difference between these descriptions is the same as the difference between calling a spade a shovel or an agricultural instrument for soil penetration.

It apparently never occurred to reporter Allen to ask: Is the concept

"disease" needed to explain the experiences described? Does the diagnosis make clear a complicated matter or confuse an uncomplicated matter? As in any other departure from common sense, if disease is offered as an explanation for actions and feelings, the one proposing that approach needs to show why it should be taken. And this leads us to wonder where lie the interests of those who have built a profession around this explanation—the psychiatrists. Do they have anything to lose by our rejecting the disease explanation?

Does a politician have anything to lose by our discarding taxation? The answer is obvious. Just as a politician's position on taxation must be tempered with knowledge of his interests, so must a psychiatrist's position on disease explanations. The error committed by journalists is thinking that psychiatrists are fundamentally different from politicians. One look at the federal budget for the mental health establishment corrects that error.

Depression (and all disease explanation) is to psychiatrists what taxation is to politicians. In both cases, something is imposed on unwilling subjects, providing an elite with power. To mystify and sanctify the arrangement, taxpayers are told they have a "tax liability" and must turn over their wallets; patients are told they lack "insight" and must turn over their minds. To imagine what institutional psychiatry would be without disease, imagine a politician without taxation.

As if anticipating the observation that depression's symptoms are encountered by everyone, Allen writes, "In milder form, practically everyone suffers from depression sooner or later." Psychiatry, like politics, wants to make sure that no one escapes its purview. So we are told that the Sickness of the '70s exists on a continuum, from the blues ("associated with rainy days") to "unipolar depression." Apparently our mothers were only half-right when they said we'd catch cold in the rain—they never said we could also catch mental illness.

None of this is to deny that depression can be a problem that severely disrupts one's life. The *kind* of problem—and so the kind of solution—is the issue. If Allen followed his own evidence, he would be led to the conclusion that depression is not an illness but an outlook—or a "problem in living," as Szasz puts it. But then we have to concede that psychiatrists bring no particular expertise to the problem, that their drugs are diversions, their therapies conversions. In short, as Dr. Szasz writes, psychiatry is more akin to theology and pastoral work than to medicine and therapy.

Moreover, the view of life that is implicit in psychiatrists' disease explanations is foolishly simplistic. To hold that depression, from the blues on down, is disease is to imply that life is a simple process entailing no nonpathological prospects of unhappiness. Life *isn't* so simple. The need to choose and achieve values in an uncertain world holds plenty of chances for unhappiness. Yet psychiatrists promise to remove life's emotional ups and downs—without dehumanizing us—with drugs and electroshock. They're hawking snake-oil, and journalists are loyal accessories.

ONE-SIDED INVESTIGATION

When backed by force, this view easily translates into the horrors warned of by Orwell and Huxley. Of course, the alliance between psychiatry and State is clothed in beneficence, decked out as concern for the disease-ridden. A two-part article in the *Philadelphia Inquirer*, by Linda Lloyd and Roger Cohn, is typical. It deals with the Pennsylvania law specifying the conditions for the involuntary hospitalization of innocent, but allegedly mentally ill, persons in that state. With several tear-jerking episodes, the *Inquirer* in effect criticizes the State for making it too difficult to lock up nonviolent people against their will.

Here is a malady caused by "rising hopes and falling expectations" and "historical changes."

Again, critical assumptions are casually intoned. The writers toss out as scientific facts such allegations as: "She is a schizophrenic"; "Jennie M.... has lived for eight years with a 24-year-old son whose chronic schizophrenia at times has prompted her to 'sleep nights with locked doors' "; "... her son, a paranoid schizophrenic..."; and "His only crime was he was severely mentally ill." The writers even fail to observe the journalist's courtesies of attributing such judgments to an authority or adding "alleged" to such stigmatizing labels.

The articles discuss the formation of a new group, Families United for Mental Health Rights, which seeks changes in the law to make commitment of relatives easier. The members are unhappy with the present law because, as one organizer put it, "If we didn't have this law, there would be no court hearing, lawyers or testimony. And this wouldn't be happening." "This" is the freedom and disturbing behavior of people they would put in madhouses. The present law generally prohibits the courts from hospitalizing anyone unless he has acted violently. The group objects that nonviolent mentally ill persons are thereby denied their right to treatment.

Who are these people who ought to be committed? We don't know, because the *Inquirer* didn't interview them. They were given no chance to reply to the psychiatric charges. But indirectly we see that these people have one thing in common: they have bothered others, who didn't try to manage the conflict as they would have had the bothersome individuals been thought sane. Instead of cutting off relations or, if appropriate, calling the police, the "normal" parties sought involuntary psychiatric intervention against their "ill" wives or sons.

These persons were then confined and drugged until they stopped their irksome conduct. But when they resumed the conduct later, their relatives found they could not have them returned to the hospital so easily. And so the ire of these "families united for mental health rights" over a law requiring some semblance of due process before jailing the allegedly insane.

The *Inquirer* unquestioningly accepts the assertion that the bothersome individuals are unable to know what's good for them. "She's totally out of control and I can't do anything," said a man of his wife who sometimes refuses to see him. One woman was threatened by her son. Another man's wife "couldn't speak English any longer. I had to talk to her in German." Readers are asked to believe that only a disease could make a woman refuse to see her husband, a

son threaten to kill his mother, or a woman insist on speaking her native tongue. In the world of psychiatry, these are symptoms to be diagnosed.

The *Inquirer* doesn't wonder, doesn't investigate, what the parents or husbands might have done to provoke these actions. The reporters don't wonder if the conduct is a defense against forced drugging and confinement. Such foolish thoughts need not be examined. Psychiatry has pronounced them mad. That's all the explanation required. In 1907 Karl Kraus, a contemporary of Sigmund Freud, observed the same attitude and remarked, "The psychiatrist unfailingly recognizes the madman by his excited behavior on being incarcerated."

INDISPUTABLE RIGHTS VS. DISPUTABLE FACTS

Two unspoken assumptions pervade these articles. First, that the psychiatric diagnoses are indisputable facts. The second is that confinement of mentally ill persons has no political-ethical perspective.

When reporters call someone schizophrenic, do they realize that, as Szasz writes, "there is no agreement on what schizophrenia is, or who really is and is not a schizophrenic"? "The primary phenomenon in hospital psychiatry," he continues, "is, and has always been, social deviance, or being a nuisance to others, and its control or repression by means of psychiatric incarceration;...the notion of schizophrenia was superimposed on it and cannot be dealt with in isolation from it."

The endless stream of theories about the chemical and genetic causes of schizophrenia is bewildering. Even so, Szasz writes, "there is at present no demonstrable histopathological or pathophysiological evidence to support the claim that schizophrenia is a disease. Indeed, if there were any, the supporters of this claim would be the first to assert that schizophrenia is not a mental disease but a brain disease."

Even the psychiatric establishment backs up Szasz's charge that "schizophrenia" falls far short of being a scientifically valid concept. He quotes the *Schizophrenic Bulletin,* a publication of the National Institutes of Mental Health: "The fact that this diagnostic category has become widely accepted and used, even in the absence of a universally accepted definition, is remarkable....and then of course there is the most difficult problem of all—it is not possible to validate a diagnosis of schizophrenia. There is no test which can independently confirm that the individual so designated is, in fact, schizophrenic." Said Kraus in one of his aphorisms: "Diagnosis: one of the commonest diseases." Once the diagnosis is made, however, the patient's rights fade into the background. People would like to pretend otherwise. So they adopt slogans like "mental health rights"—those being, of course, the rights of patients to have done to them what they do not themselves choose. An *Inquirer* headline pays nodding attention to another kind of rights: "The Mentally Ill—Trapped in Their Own Civil Liberties." But the implication is clear: freedom—*real* rights—is dangerous.

By reporting the issue as they do, journalists promote the dogma that "mentally ill" people can lay no claim to the Bill of Rights. It also promotes the vicious contention that there are two kinds of people, sane and insane, and that a group of experts allied with the State can tell them apart and turn them over to the State.

We should be worried that American journalism, so jealous of freedom of the press, doesn't see the moral dimension here. Would they so readily support the view that there are two kinds of journalists, responsible and irresponsible, and that a group of experts allied with the State should be empowered to tell them apart—for the good of the citizenry?

Every other day you find similar examples in newspapers everywhere. Psychiatric records are paraded in public with every sensational crime and bizarre act. And readers eagerly accept them as if to say, "He (the murderer, the rapist, etc.) is different from us. We wouldn't do such a thing. He's sick. We're healthy." And the next day they just as eagerly accept the idea that every problem in their lives can be written off as a mental illness.

Journalism that caters to this psychiatric imperialism reveals either incredible dishonesty or incredible naiveté. If objectivity or fairness is the ideal, journalism has been grossly delinquent here. And if they are not ideals, it is time the rest of us were let in on the news. ◻

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Hopkins/Bandow

(Continued from p. 29.)

Thus, the nation loses production of goods and services, and the government loses taxpayers. This economic loss, which could be many thousands of dollars per draftee, would more than offset any higher pay necessary for volunteer servicemen and women.

Nor is the AVF inequitable. Under the AVF, those who choose to defend the country do so; in contrast, a draft entails two or more years of involuntary servitude to the State, a practice inimical to American principles of freedom. In any case, Cooper has concluded that middle-and-high-income individuals "are serving in almost the identical proportions under the volunteer force as they did in the draft." And military manpower expert Martin Anderson has noted that the proportion of blacks in the AVF is only slightly higher than it is in the general population.

The final objection, that the AVF is "dangerous," is equally baseless. Contrary to popular contention, the quality of servicemen in the AVF is actually higher than that under the draft. Anderson notes that from 1973 to 1976, when compared to the draft army, the proportion of service members under the AVF in the top three mental categories rose by 14 percent, while the proportion in the lowest mental category fell by 16 percent.

Nor have the active services been seriously short of recruits, contrary to all the panic cries the public has been hearing. Since 1973, the military services have remained within 1.5 percent of congressional targets. And the shortfalls that have occurred have been predominantly in the *lowest* mental categories.

Of more concern are the shortfalls in the reserves, running at 15 percent

this year, the shortage of reenlisted noncommissioned officers, and potential gaps in recruiting for the active forces. But even Defense Secretary Harold Brown admits that a draft would provide little help here.

PAYING FOR GOOD DEFENSE

In fact, Congress and the administration must bear much of the blame for allowing these shortfalls to develop. According to Senator Bellmon, "We have crippled the volunteer army with pay gaps and gimmicks." The base pay for recruits has now fallen to 17 percent *below* the federal minimum wage, while the average salary, including allowances, for all enlisted personnel—$9,900—is so low that more than 100,000 military families are eligible for food stamps.

Sen. William Armstrong (R-Colo.) points out that surveys have repeatedly found the erosion of pay and benefits to be "the principal reason why so many noncommissioned officers formerly on career tracks are leaving the service." Similarly, few potential recruits, regardless of their patriotism, can afford to join the service.

This is a disgrace. The men and women who voluntarily risk their lives for our country should be at least as well paid as the average American worker. Such pay parity would not only increase the number of enlistments and reenlistments but would also restore a necessary pride in the armed forces.

And restoring pay parity would not be very expensive. Even though total personnel costs of the armed forces are more than 50 percent of total military spending—$58.4 billion in 1979—only about 11 percent of that—$6.3 billion—goes for the pay of first-termers (who would be acquired by a draft). Thus, even a doubling of first-termer benefits would not significantly increase defense spending.

The men and women who voluntarily risk their lives for our country should be at least as well paid as the average American worker.

The additional costs necessary to encourage reenlistment of experienced officers—another requirement for upgrading military manpower capability—would of course be somewhat higher. But since a draft applies only to first-termers, these costs would not be unique to the AVF but would have to be borne by a draft army as well.

Even if the AVF were more expensive, however, the additional cost would be justified. Defending the country benefits every citizen; therefore, every citizen should share the burden, not just those between ages 18 and 26.

Restoring pay parity may not seem as strong a signal to the world as would registration. But it is not likely that the Soviets would be fooled by such an empty gesture as registration, anyway. Far better that we adopt real solutions—a beefing up of our reserves, the production of needed weapons, and a reduction of our reliance on Middle East oil—than meaningless ones. Only then can we ensure an adequate and combat-ready armed forces whenever it may be needed. ◻

Kevin Hopkins is a public policy analyst. Doug Bandow is a Los Angeles attorney.

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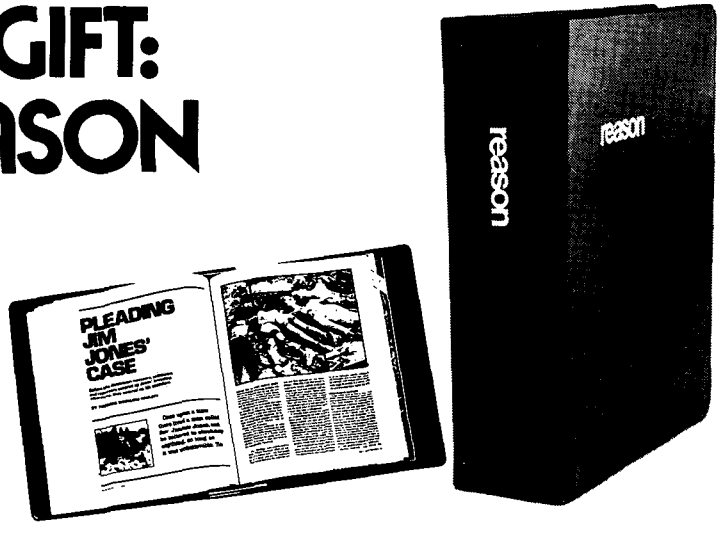

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viewpoint

Alan Reynolds

The US economy is saving a lot of energy right now. The unemployed don't have to drive to work, and shut-down factories don't need fuel for their machines or electricity for lighting. That is one way to "conserve" oil, but the lost output is surely worth more than the saved fuel. Some voices, however, are suggesting that energy use can be cut by 30-50 percent with no sacrifice at all. A free lunch.

It isn't chic to admit to reading *Reader's Digest,* but I do. The June issue had a piece by James Nathan Miller informing us that "there *is* an easy answer" to our energy problems. We can simply do without "the energy we squander." For credibility, Miller cited "a widely praised report" from the Harvard Business School. This is a slander on Harvard, which cannot be blamed for *Energy Future* just because a half-dozen of their lecturers, assistant professors, and students patched together something that looks like a book.

Energy Future gained momentary fame because of its conclusions, not because of the way they were reached. In this respect it replaced once-fashionable but now-discredited works such as *A Time To Choose* and the WAES volume *Energy: Global Prospects.* The latter "study" devoted a whole paragraph to the price system: "Another possibility for balancing energy supply and demand is that...higher prices...could encourage energy savings and stimulate alternative fuel supplies. We have not analyzed in detail these price and growth implications." Neither did *Energy Future.*

Over and over again, *Energy Future* asserts that "the United States can use 30 or 40 percent less energy than it does, with virtually no penalty for the way Americans live—save that billions of dollars will be spared." The 1975 estimate behind this assertion, however, involves replacing massive investments in cars, furnaces, windows, refrigerators, and so on, as well as added production from burning organic waste (a health hazard) and cogeneration. There is no estimate of how much this would cost or how long it would take. When *Energy Future* gets around to forecasting, however, their own plans show energy consumption *rising* by 24 percent in a decade, not falling by 40 percent.

But now we have Mr. Miller citing Harvard and hinting that we might be able to save "almost half of our total current energy consumption." Unfortunately, he switches around from current to future so quickly that it gets hard to follow.

If we don't improve insulation, Miller suggests that annual energy use in homes and offices would rise from 29 quads to 41 by the year 2010. Investing $25-$100 billion would, he says, cut such use to 22 quads by then. That's less than 9 percent of *current* energy consumption, and at best many years and dollars away.

Industry cut energy use by 10 percent from 1973 to 1978 while raising production by 12 percent. Miller implies this could go on forever, but unscrewing every other light bulb can't be done twice. Again, some study claims we could cut energy consumption by 25 percent over 30 years, but what has this got to do with the current problem?

Private cars, on Miller's figures, use 10 of the 80.8 quads of energy consumed (or 12.4 percent). Miller says smaller cars, more tune-ups, a 50-cent gas tax, and gas rationing could save 8 of the 10 quads. That involves a lot of double-counting and is plainly absurd. Somebody once added up all such potential gasoline savings and found that motorists would have to stop in from time to time to have their tanks emptied.

The energy-conversion loss from using, say, coal to make useful electricity "cannot be considered waste," admits Miller, but he nonetheless cites the "appalling" losses. He offers "one estimate" that cogeneration of electricity from industrial steam could produce ("save") six quads a year within five years, if the regulators would allow it. Even *Energy Future* could only come up with half that much.

So what do we end up with? Some potential, long-term energy savings of unknown size or expense superimposed on increased energy use from a growing population and economy. At best, energy use need not grow as fast as it would otherwise. This is hardly a reduction of "almost half our total current energy consumption." Where energy savings are economic, they are obviously being made already, so any additional current savings presumes that people are irrational—that they prefer to spend more for less.

Miller's supposedly "startling" conclusion is that "Congress and the Administration should focus on this enormous proven, cheap source, which we can start tapping immediately." Yet there is nothing at all in his article to suggest that viable conservation is enormous, proven, cheap, or immediate.

Suppose I added up all the claims made for various supplies of energy over the next 30 years, regardless of price, and then concluded that this justified a crash program to produce these supplies at taxpayers' expense. Everyone, even the editors of *Readers' Digest,* would immediately see that the argument makes no sense. They would ask why we should produce energy that is more costly than oil, why those who use it shouldn't pay for it, and why we should pursue some alleged long-term solution when other options are faster and more certain.

When writing about saving energy, however, rather than producing it, all standards of logic and evidence are tossed out the storm window. It then becomes acceptable to assert that conservation is cheaper without producing even a guess as to its cost. It becomes possible to claim that conservation is safer, though there are real problems with fumes in well-sealed houses and with auto accidents in tiny cars.

I have no doubt that when people face decontrolled energy prices, human ingenuity will devise many new ways to save as well as produce energy. Government cannot do that, because government is not a creative force and does not know which sources and uses of energy people prefer.

What bothers me about the conservation optimists is not their optimism but their blatant dishonesty. If we throw away centuries of learning about how to separate the known from the unknown, we will have lost something more valuable than all the oil and gas in Alaska.

Alan Reynolds is vice-president of research at a major US bank.

money

The Death Of Hard Money?

By Steve Beckner

A proposition making the rounds these days holds that those old standbys—gold, silver, and Swiss francs—have seen their day. It's never said quite what will replace them, but presumably these reconstructed prophets of doom envision revitalized dollars and dollar-based investments.

The dollar, until recently, has been uncharacteristically strong. It still stands well above its low point of fall 1978. And with recession here at last, one can imagine an end or at least an abatement of the great American inflationary trend. Recession may not feel very good, but the traditional ones *have* tended to strengthen the currency. Credit contraction and slow economic growth do mean less greenbacks in pursuit of goods and services. So the purchasing power of each unit should zoom.

Relative monetary restraint, high American interest rates, foreign perception of the United States as a safe investment haven, along with oil-related transaction demand for bucks, all seem to make a pretty good case for a return to super-star status for the dollar—and for the demise of "hard money." After all, what is a "hard currency" any more? The German mark, the Swiss franc, the Japanese yen? They've been outperformed over the last year by the British pound and French franc. The Germans and Swiss and Japanese seem to be afflicted with the inflationary disease like the rest of us. And what's worse, their balance of payments are shot to hell, courtesy of OPEC. Their interest rates, the touchstone of all hot money movers, are paltry. And they're in the shadow of an increasingly obnoxious USSR.

What about gold and silver? Having already exceeded the cost-of-living explosion by a factor of 8 in the case of gold and 11 in the case of silver (using the relatively "low" prices of $530 and $15), how much more can we reasonably expect from them?

Recession is supposed to bring a subsiding of inflation—isn't it? What's more, the precious metals markets have been discredited and the bulls routed, with a little help from regulators and short-side manipulators. And brave Paul Volcker is restoring dollar supremacy, right?

Let's take another look. First of all, to believe the recession is going to cure inflation and smite "hard money" is to swallow the discredited Phillips curve whole. Inflation may come down a bit as unemployment rises, but it won't come down that much and, in any event, only temporarily.

Moreover, look what's happening in fiscal and monetary policy. Only several months after Congress, the White House, and the Federal Reserve were beating their breasts in unison by pledging credit and budgetary restraint, we hear quite a different chorus. True, Volcker is continuing to moderate the growth of money, but to the growing chagrin of legislators and administration minions at the Treasury. While mobs chanted "loan shark" in demonstrations outside the Fed building, certain Treasury officials took to the telephones for some late-night rumor mongering against the Fed chief. In a call to one newsman, an official troubled himself to connect Volcker's name with a "scandal" in approving a $1 billion loan to the Hunt brothers to help them "restructure" their silver debts.

Volcker, of course, let himself in for that smear. While it seems highly unlikely he is involved in anything underhanded with the Hunts, Volcker revealed his own slipping monetary grip when he jumped to the silver suzerains' aid.

That action followed closely his opening of a special $3 billion discount window to aid farmers and small businesses. At the same time, Carter ran to the aid of the housing industry. Meanwhile, Congress busied itself with the Chrysler bailout. The bread line of corporate mendicants could lengthen further. For good measure, the House upped fiscal 1980 spending by $24 billion.

All of which does not auger well for triumph over inflation. Nor does it give cause to believe the outward flow of depreciating dollars will slow. In February, the red ink on trade set a monthly record of $5.6 billion. The entire world economy may slump, but there is no assurance that the dollar will somehow benefit.

Then there's the growing level of chaos in the world, not just in the Middle East, but in the Far East and even in our Caribbean back yard. Terrorism, Soviet imperialism, and a disinclination by the crumbling Western alliance to do much about it is bullish for "hard money," particularly for precious metals and stones, but quite possibly even for noninflated foreign currencies. At times, the dollar has benefitted from such crises. But increasingly the United States is being isolated.

As our allies go their own way in foreign policy, seek accommodations with OPEC and the Russians, and take an America-be-damned attitude in trade, as well, the dollar will be less in demand and less likely to be supported in time of need. Europe and other regions have already demonstrated, with the European Monetary System, for example, a desire to insulate themselves from the dollar as much as possible.

In the long run, the precious metals and precious stones are going to be the real assets worth holding, although the Swiss are making a game battle of it by reducing their inflation rate back to four percent. All currencies are apt to come to grief in the end, but the true "hard" assets should do well.

Even in a deflationary cycle, they should maintain more of their value than other things. They'll have recognized, barterable value. In times of exchange controls, confiscatory taxation, price controls, and other government ukases, they have the qualities of anonymity, portability, and concentration of wealth to keep them in demand. No matter what the level of inflation, the level of unpredictability will give them a rock of Gibraltor quality that should help their owners preserve capital.

Meanwhile, there is no reason why anyone should have all his assets in undollars. It's always smart to take advantage of investment targets of opportunity. Select stocks and real estate, for instance, can become good speculative buys to watch for as interest rates fall and these markets stagnate.

But, like it or not, "gloom and doom," gold coins, dehydrated food, and shotguns are very much alive. And it's probably wishful thinking to hope that a Reagan administration would make much of a difference.

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Communism was invented by highbrows while capitalism was initiated by lowbrows. A capitalist society can be run by anybody, whereas it needs exceptional leaders to make a Communist society work. If the vigor of an organization is measured by the ability to function well without an outstanding leader, then, clearly, a Communist society is less vigorous—less well made—than a capitalist society.

—Eric Hoffer

spotlight

Founding Father

By Patrick Cox

It may be that Leonard Read will be among those who are not fully appreciated until they are history, but it is an appropriate time to put him in perspective within the broad group of people in our time committed to individual liberty. Read will be 82 this September, and he has just published his 26th book, *The Seeds of Progress.* In 1946, Read formed the Foundation for Economic Education (FEE) and took over Albert J. Nock's failed magazine, *The Freeman.* In the same year, he was involved in forming the Mont Pelerin Society.

If Read wanted to, he could be the ultimate libertarian name-dropper. He has helped and influenced many of the great libertarian thinkers. Murray Rothbard has often been published by FEE. F. A. "Baldy" Harper worked for Read before founding the Institute for Humane Studies. FEE paid Ludwig von Mises's salary at New York University. Read was associated with libertarian authors Isabel Patterson and Rose Wilder Lane in his earlier days. He used his influence to get Ayn Rand the right to do the script for the movie *The Fountainhead.*

Milton Friedman has called Leonard Read "the dean of freedom." Roy Childs credits Read's influence in his development of a libertarian philosophy. Even William Buckley praises Read while taking exception to his views on drug laws. At a birthday party for Leonard, Buckley told the crowd of his own attempts to convince Read that heroin addiction is a disease and government is therefore justified in eradicating the cause of it. Read's retort was that some would consider conservatism a disease, also.

FEE's innocuous little magazine, *The Freeman,* has circulated in many unlikely places. A recent photo of Ronald Reagan showed him holding an issue in his hand. The Queen Mother and Prince Philip are on the list of subscribers. In 34 years, the foundation's influence has reached all over the world. FEE has given over 250 seminars in 22 foreign countries. Read has spoken at most of them. His presence was felt in Argentina in 1958 when the country started its shift away from communism toward the free market. He spoke to both houses of the Philippine government in the early '60s in an unsuccessful attempt to convince them to emulate Hong Kong's economic policies. Centers modeled after FEE have sprung up by the hundreds all over the world.

It is difficult to get Read to talk about his accomplishments. He would rather discuss his shelty collie, whose ragged picture he is quick to produce from his shirt pocket, or his favorite golf course in Scotland. His goals in life include a fifth hole-in-one and seeing Halley's Comet a second time. The word *integrity* seems to come up whenever his friends talk about him. F. A. Hayek, Henry Hazlitt (the only original trustee of FEE still living), Benjamin Rogge, Hans Sennholz, and Antony Fisher are better sources of information about Read than Read is.

If Read is criticized, it is usually for not getting more involved directly in the political process or for not being more explicit about noneconomic civil liberties. But it is difficult to find anyone who has done more for liberty. It may be that his refusal to deal with any issue but the proper role of government has given him his long-lived credibility with so many different types of people. One of FEE's trustees explained that Leonard avoids the appearance of being in favor of certain lifestyles in order to keep all the attention on the proper role of government, knowing that liberty is the fundamental issue.

Leonard Read

Certainly, Read has been successful. An example can be found in Brazil. Read gave a seminar there in 1958 for his friend Paulo Iyres. Iyres translated Read's *Government: An Ideal Concept* and circulated it widely. In 1964 Iyres, along with many of those who heard Read speak, led a bloodless coup that overthrew the Communists and instituted a free market. In an interview in the September 1964 issue of *Fortune,* Iyres named FEE as the reason for the revolution. Brazilians today do not enjoy the civil liberties that Americans do, but many see the institution of a free market as the first and necessary step toward full liberty.

And the struggle for liberty today? Asked whether the present decline into the planned economy and the welfare state is going to continue, Read said, "We are going to have a turnabout." Explaining his optimism, he added: "History has been a case of evolution, devolution, evolution, devolution, evolution, with evolution inching ahead over the millenia. A good way to look at that is to imagine a character who was born 35,000 years ago. He would have an entirely different perception than we have today. He would see only the forest, not the trees. He would observe mankind advancing in a straight line. That's all he'd see—a straight line, not the detail. But with a magnifying glass, you would see this evolutionary, devolutionary, evolutionary process.

"The main thing to keep in mind is that this is not a numbers problem. Every good movement in the history of the world has been led by an infinitesimal minority. Go back 2,000 years to the perfect example, Jesus of Nazareth. How many helpers did he have? Twelve, and one of them was a bum. But look at the effect that Christianity has had on the world.

"Go to England prior to Adam Smith, where they had mercantilism—precisely the same thing we call the welfare state and the planned economy. That turnabout was brought about by John Bright and Richard Cobden, two men who understood this absolute principle of freedom in transactions and knew how to explain this philosophy.

"Or go back to the time of the Declaration of Independence, the Constitution, and the Bill of Rights. Only a handful of men had anything to do with that—I mean, did the real thinking on it. Edmund Burke wrote, 'How often has public calamity been arrested on the very brink of ruin by the seasonable energy of a single man?' Just a few—one—is enough. The people today, the masses, the millions are following this socialistic decline, but doing it absolutely unconsciously. When this man comes that we're talking about, they will follow him just as unconsciously. It's only the few that will do it. All good movements have been thus led."

Leonard Read is one of the few.

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arts & letters

movies

- **Survival Run**
- **The Thirty-Nine Steps**
- **Spirit of the Wind**
- **We Are Not Alone**
- **The Fifth Floor**

Reviewed by John Hospers

• There have been amazingly few films made about people who are accustomed to the comforts of civilization and then suddenly find themselves in a situation in which none of these comforts is available. (Science fiction films about future generations, yes, but not about what could happen *now*.) What happens to them, whether they survive and how, can be a fascinating tale. Back in 1962 one such film was made, a sleeper (at the time) called *Panic in the Year Zero,* in which Los Angeles is obliterated by a nuclear bomb and a family driving away from the city tries to find some way of surviving in the mountains during the months of chaos following the blast. Judging by its frequent appearance on late-night television during the last few years, this film has turned out to be very popular.

Now comes another, **SURVIVAL RUN,** starring Ray Milland (also the star of *Panic*) and Peter Graves. Though the film is no masterpiece, it deserves a better fate than death by neglect. Six high-school students—three boys and three girls—plan a romantic-erotic weekend in Baja California in a camper. When their camper overturns far away from any road in the midst of the Baja desert, they are left to their own devices, with no supplies and no idea how to reach any semblance of civilized life. When they do at last find other people, "civilized" is about the last adjective applicable to them. The story that ensues has many of the clichés of a stereotypical hunt-and-chase film, but it is well done and keeps one absorbed throughout. If one goes to see it, however, in hopes of gleaning useful information about how to survive in the wild, it will prove only about one percent as helpful as *Panic* was.

• The week of Sir Alfred Hitchcock's death, the second remake of **THE THIRTY-NINE STEPS** was released in the United States. It is an absorbing mystery-detective story, well plotted, well scripted, well acted (though one still misses Robert Donat and Madeleine Carroll), and as worth seeing as anything in that genre that is currently doing the film circuits. For those who haven't seen Hitchcock's version, it is an exciting tale, elegantly presented.

For those who have, comparisons are impossible to avoid. The new version wisely chooses to set the drama in the same era in which the novel (from which the film was taken) is set: pre-World War I England in 1914. The plot is much the same, with a few embellishments Hitchcock didn't include. Still, Hitchcock's 1936 film was done with such style and panache, and such a flawless sense of timing, that the present version, competent though it is, lacks the distinctive qualities with which Hitchcock imbued the tale: spareness, with not a wasted gesture or motion; surprise and terror when you least expect it; steadily mounting tension as inexorable as a coiled spring. By contrast, the new version is more leisurely and atmospheric, and one indulges oneself in the beauty of the Scottish landscape even while wondering how the fugitive is going to escape. Ironically, the most brilliant atmospheric touch occurs when a plane is trying to gun the fugitive down on the Scottish heath and there is only bare open country with no place to hide—a scene inspired by Hitchcock himself in his *North by Northwest.*

• **SPIRIT OF THE WIND** is a true story, set in 1946, of an Eskimo boy in a remote part of the Alaskan wilderness whose parents live by hunting and fishing. The boy contracts tuberculosis and spends seven years at a hospital in Sitka. When he returns to his parents he is caught between two disparate worlds, wishing in some ways to be back in the white man's world, yet proud of his Eskimo heritage and deeply tied to its way of life. This is a story of how he endeavors to resolve that conflict.

The color photography, all of it in Alaska, is magnificent; so are the shots of Alaskan dogs, nurturing their young and running races across the tundra. The constant background of the Alaskan wilderness is indescribably beautiful. Most interesting of all perhaps is the detailed visual depiction of the methods by which, in this harsh climate, the native Eskimo survives.

Alas, what the film so movingly shows us is becoming a thing of the past. Today, as you visit Eskimo villages, you see the inhabitants living in shanties, surviving on booze bought with their welfare checks. HEW has decided it knows what's good for Eskimos better than the Eskimos do themselves; the result is a radical change in their way of life, and many of them are no longer able to survive in the wild. At least the Siberian Eskimos are given incentive payments by the Soviet government for raising reindeer, to help solve the Siberian meat shortage. HEW, however, has outdone the Soviets (with our tax money) in deciding how others should live. Realizing this as one watches this film, one experiences not only an appreciation for the native Eskimo way of life, and of their day-to-day heroism in coping with its rigors, but also a sad nostalgia for a mode of living that, thanks to the moral busybodyism of government, is now passing into history.

• Not much has been heard abroad of the Danish film industry since the death of the greatest of all film directors, Carl Dreyer. A recent exception is **WE ARE NOT ALONE,** whose unlikely subject—day-to-day life in a boys' prep school—is handled with frankness but also with care and sensitivity. The principal objection one might make to it is that the whole thing is seen so much from the youngsters' point of view (no error in itself) that the adults are depicted as blind and intolerant ignoramuses. One wonders how a person with so little insight into the problems of adolescents as the headmaster exhibits ever got a job above the level of a ditch-digger. If he had been made a bit less of a clod, the film would not have appeared so one-sided. Nevertheless, there is an abundance of both tears and laughs in this film, and enough thought-provoking material to rouse many viewers from their dogmatic slumbers concerning what kids know that grown-ups supposedly don't.

• Movies about nonvoluntary incarceration in mental hospitals are set-ups for viewer identification with the victim: locked in, no phone calls allowed, every valid complaint about mistreatment and abuse put down as the paranoia of a mentally deranged patient, each incident ending with more tranquilization by needles ("for your own good") rather than by any attempt to listen to the truth. As an artistic achievement **THE FIFTH FLOOR** doesn't begin to compare with *One Flew over the Cuckoo's Nest,* but the situation depicted—a girl mistakenly believed to have attempted suicide, and thus required

by state law to be placed in a mental hospital "for observation"—is more grim, less leavened with humor, and more calculated to arouse the viewer's hatred and resentment. Though some of the outcomes are quite predictable, the film will be exciting to viewers in proportion to their imaginative identification with victims of coercive behavior surrounded by people who refuse to take one seriously. If it helps to improve conditions in mental hospitals by even a little, the film will have been worth making.

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Fade to Incoherency: A Case Study in Epistemology

By Edward Cline

Art reveals a great deal about the state of a culture. Could anyone deny it? There is, without question, a lot of trash produced today. But its proliferation is such that one can only write it off for what it is. It is far more revealing about a culture to look at what is considered the best.

Take movies, for example, which draw more audiences and more money and have a more immediate and lasting effect on our culture today than do any of the other arts (with the possible exception of music). What place do the best films have in our culture, and what do critics have to say about them? If this is the best our culture is able to produce, what does that say about our culture? In our irrational age—the protective euphemism for which is usually "our fast-moving, complex, iconoclastic times"—what is regarded as rational?

The recent thriller *Last Embrace* is supposed to be one of the best. It is "Hitchcock-ian" (Hitchcock having been a great film maker), insisted the promotional blurbs and reviews. And so it is interesting to compare *Last Embrace* (*LE*) and say, *North by Northwest* (*NN*), which is not only, in my estimation, Hitchcock's best film but also regarded by movie historians and critics as quintessential Hitchcock.

NO AMBIGUITY

In *NN*, we are certain of everything except what the "macguffin" is; it is implied that the statuette possessed by James Mason contains microfilm of important American secrets and that James Mason may be a spy in the pay of the Soviet Union. These are the only two points in *NN*'s story line that are never clarified—virtually its only fault. But then the object of the story is neither the secrets nor Mason's paymaster but Roger Thornhill's relationship with the spy's mistress, Eve Kendall. We know who Thornhill is; indeed, we know the identity of every character in the story.

There is a clear, logical sequence of events that begins in the lobby of a Manhattan office building and ends in the berth of a speeding train. Every motive, every line of dialogue, every shading of character, every action, is perfectly functional and not left to ambiguity. The story has a beginning, a middle, and an end. No normal person can walk away from *NN* feeling cheated or confused.

Further, we are allowed to establish empathy with Thornhill and with some of the other characters, and because this empathy exists we are *interested* in what happens and in what could happen. We are given values in the story, and when those values are threatened or destroyed or retained, we are involved in the threat, loss, or achievement, too. The ability to create this rapport in any story, written or performed, is an accomplishment deserving one's eternal gratitude.

WITHOUT REASON

Last Embrace might have been subtitled "The Age of Uncertainty." From the very beginning we are not certain of the identities of the leading characters, nor are we certain why things happen as they do. Ostensibly, Harry Hannon, played by Roy Scheider, is a government agent whom someone is trying to kill. Hannon *may* work for the FBI, the CIA, or some other agency. He carries a gun, which he uses when he and his wife are attacked (she is killed) in a cantina in Mexico by a government witness and two hoods. Why he is attacked we are not told. Hannon spends time in an insane asylum—because of the death of his wife? He is nearly pushed into the path of a moving train after his release; neither he nor we are certain that it *was* a murder attempt or that it has anything to do with the rest of the story. He goes through an elaborate, hokum ritual with a tube of lipstick to receive instructions from his superiors but then later is able to report to the office and speak with them in person. He returns to his apartment to find it occupied by a total stranger, Janet Margolin, the female lead. She gives him his back mail, a sealed envelope containing a hand-written death threat that he could not possibly read because it is in some ancient language that even the scholars he consults have trouble deciphering. He is followed menacingly by a fellow agent for unknown reasons; his murder is ordered by his superiors for unknown reasons; and the murderer, for unknown reasons, chooses the hard way of doing it by luring Hannon into the belltower of Princeton University. Hannon learns that five other men received the same kind of note and that they are all dead—a professor of theology at Princeton tells him so.

Here the story begins to take on partial focus, when Hannon further learns what he shares with the dead men: they are all descendants of a group of men who operated chains of brothels in New York near the turn of the century. This he establishes with the help of a grubby little old man who belongs to an unknown committee that is studying the murders. And it is here that Hannon should have started wondering what his employer might have to do with what may be a private vendetta. From all the evidence given about Janet Margolin, she should not have been in any position to have easy access to the family history of a secret agent, such as Harry Hannon appears to be. The apartment he finds her living in is nominally controlled by his employers, so mustn't there have been a conspiracy between Margolin and his employers to murder him? Shouldn't Hannon have realized this earlier? Apparently not, on both counts. Hannon doesn't wonder; he is as confused as we are and remains so. Fade back to the inexplicable.

Eventually we learn that *perhaps* the professor of theology and Margolin are responsible for the murders. In the professor's carrel at Princeton's library, Hannon discovers possible evidence linking the professor with Margolin and both of them with the murders, but this is not definitely established. We ask ourselves: If Hannon's employers and this possibly murderous pair are somehow connected, why the elaborate, brain-cracking plot to kill him when his employers presumably have at their disposal faster, more efficient means of killing him? And if they are not connected, why suggest an association at all? When Hannon kills the man who tried to murder him, his employers are no more heard of.

As a piece of evidence(?), we are shown a pornographic dream sequence—I think—in which Margolin is depicted having intercourse with a past victim in a bathtub in a hotel room overlooking Niagara Falls, during which she drowns him. But then we cannot be certain whether this *is* a dream sequence or the portrayal of an actual event. The abrupt change of locale to Margolin's New York apartment suggests that she was having a dream but does not anchor the action one way or the other in a logical chain of events. We are left wondering whether she is really a murderess.

Finally, Hannon, who both suspects her and is in love with her, inexplicably takes her to Niagara Falls. Margolin appears to try to run him over a cliff with a car but, for some unknown reason, cannot force herself to do what we think she wants to do. There follows a nonsensical chase on foot around the Falls. She tumbles to her death into the frothing water.

SCRAMBLED EPISTEMOLOGY

In effect, *Last Embrace* is a series of set pieces and scenes that, while they contain the same characters talking about the same things, are not connected to one another, neither in story line nor in sequence of events. I do not think this is the failing of the film editor; he could have spliced together what he left on the cutting-room floor and created the same nonstory. This movie is *not* a fantastic accident; what strikes one about it is its meticulousness of production. Nor do I think that its producers are engaging in a deliberate effort to scramble the epistemology of movie-going audiences. Nor do I believe that they are indulging in a personal attack on metaphysics, that is, attempting to undercut basic cause-effect premises. Professors of philosophy are more able and more likely to do that than anything produced in Hollywood.

No, my thrust here is that *Last Embrace,* regarded by critics and audiences alike as a *gem* of a thriller, as something that can stand on equal footing with the gems of the past, *is* the best that can be done by people who have been taught that reality is what you want it to be and that logic and reason are arbitrary contrivances of the mind that can be discarded from any field of human endeavor without consequence.

The minds that produced *Last Embrace* (or any other modern movie, for that matter) may or may not consciously subscribe to these anti-mind tenets; I doubt if they do subscribe to any philosophic notion or idea. Film producers have been notoriously nonintellectual and not very fastidious in what they regard as interesting or worthwhile subject material. They have the reputation of being witless practitioners of what *others* claim to be the norm, the important, the significant. Hollywood is not an originator, not a primary source; it merely supplies the mirrors and the masks for the Fun Park Laugh Palace that is the exclusive property of today's intellectuals, whose concept it is; who own it, operate it, and advertise it. If there is to be a return to romanticism in film, Hollywood must first switch accounts and retool its assembly lines.

It is apparent that the director of *Last Embrace,* Jonathan Demme, is a "fan" of Alfred Hitchcock. In fact, all the reviews and promotional blurbs insist on this. There are clear "echoes" of Hitchcock throughout the film. An assassination attempt takes place in a belltower (*Vertigo*). Janet Margolin contemplates using a pair of scissors on Roy Scheider as he seduces her (*Dial M for Murder*). Train rides are prodigious (you name it). A sea of yellow rain slicks confuses Scheider at Niagara Falls (*Foreign Correspondent*). Scheider surprises Margolin in the shower (*Psycho*). Margolin tries to comfort Scheider during one of his mental relapses (*Spellbound*). Scheider leans dangerously over a railing in an effort to pull back Margolin and save her from plunging into the Falls (*North by Northwest*). Did I miss anything?

If one respects or reveres a master, one at least tries to be original in one's own work and refuses to revert to the shoddy practice of using a master's materials or ideas to salvage what one should not have produced in the first place. So who ever put the idea in everybody's heads that Demme is an *admirer* of Hitchcock?

It may be conceded that there are similarities of event in *Last Embrace* and, for example, *North by Northwest,* but any similarity in content, story, or characterization in the two films is pure, wishfully desperate thinking. There is, to say the least, a philosophical gap between the two that serves to illustrate how much our culture has disintegrated in 20 years.

In the climax of *NN,* Thornhill pulls Eve Kendall to safety. In *Last Embrace* (in their last embrace, Margolin knees Scheider in the groin, because she loves him), Harry Hannon, in similar circumstances, fails to save her from certain death. It might have been more novel had he saved her so they could live happily ever after. Or it might have been more interesting if they had both gone over the Falls. But no matter what ending was tacked onto this piece of misery, the only thing we can be certain of is death, which is the price one pays for incoherency, in the name of art or anything else.

Edward Cline lives and works in New York City, where he haunts movie revival houses and writes novels.

books

Across-the-Board Tax Cuts—But Not Freedom

An American Renaissance: A Strategy for the 1980s.
By Jack Kemp.
New York: Harper & Row. 1979.
207 pp. $8.95.

Reviewed by Doug Bandow

Republican congressman Jack Kemp of New York, a potential presidential aspirant, has written his guide for a new populist conservatism. In issuing his clarion call, Kemp remains committed to the Republican Party and is currently involved in former California governor Ronald Reagan's presidential campaign.

The primary focus of *An American Renaissance* is on taxes and their effect on economic growth. Kemp, called a "one-note candidate" by *Washington Star* columnist Jack Germond, justifies this preoccupation by noting that:

> *It has become fashionable to dismiss any significant attempt to change things as "single-issue politics." . . . Yet when I travel around the country, I find that a single issue concerns Americans above all else: The dominant issue of our time is the anemic and unhealthy state of the U.S. economy. Tax relief is not so much an end in itself as a means of getting this economy moving again. Economic growth must come first—not because it is inherently more important than other personal and social goals, but because without growth, progress toward one goal can only be achieved by impoverishing something or someone else.*

Kemp argues that high tax rates are now stifling economic growth by restricting the "entrepreneurial talent, the managerial talent, [and] the creative talent of men and women." He persuasively contends that such high tax barriers affect both capital *and* labor investment, creating what University of Southern California economist Arthur Laffer calls "the wedge"—the unnecessary difference between an individual's effort and the reward for that effort.

Kemp's solution is straightforward—getting the government "out of the way" by reducing tax rates by 30 percent across-the-board over a three-year period. Indeed, Kemp contends, though admittedly cannot prove, that the increase in economic growth would be so great that tax revenues would also increase. He argues, relying upon the so-called Laffer curve, which charts the relationship between tax rates and tax revenues, that taxes have reached the point of diminishing returns. He also cites the Kennedy tax rate cut of the early 1960s, which *increased* government revenue by some $54 billion over a six-year period.

Though increasing government revenue is not a libertarian objective, decreasing the proportion of private earnings going to government is. Indeed, the 30 percent cut barely would counterbalance already scheduled Social Security tax increases and the income tax inflation "bracket creep."

Unfortunately, Kemp's discussion of taxes is devoid of any recognition of the fundamental wrongness of taxation. While correctly recognizing that special-interest coalitions are uniting to tax and spend, his objection is that this practice "tears at our social fabric," not that it is wrong. And in 1979, he told the International Longshoreman's Association that "I am not interested in leading a tax re-

volt against government.... What I am interested in is finding a way to pay for government."

Kemp's discussion of inflation is quite good. He recognizes that only the government—and not too many people working, producing, or consuming—causes inflation. His solutions to inflation center around passage of the Kemp-Roth tax rate cut, to increase economic growth and the production of goods and services; and reinstitution of the Gold Standard, to enforce monetary discipline. Though he does not also seek to slash government spending, he offers the genesis of a realistic anti-inflation program.

But Kemp is perhaps at his best discussing energy. He bluntly declares:

> *There is no energy crisis, no imminent exhaustion of oil and gas even within this country, much less throughout the entire world. The whole notion is a grand deception, a massive fraud. What we have is not a sudden disappearance of natural resources, but a monumental calamity of government regulation.*

He explores the vastness of our energy resources, the clumsy attempts of the Carter administration to hide them, and the catastrophic effect of government regulation. Accurately characterizing the Carter administration as waging the "moral equivalent of war" on the American people, Kemp blasts the succession of tax proposals, ill-conceived attacks on "gas-guzzling" big cars, and big business synthetic fuels subsidies.

Even so, Kemp comes back again to admitting that reducing the size of government is not a priority. Indeed, in *An American Renaissance,* Kemp chastises the Republican Party for its theoretical, though ineffective, concern with government spending. Instead, he supports a generous "safety net of social services" that includes social security, catastrophic health insurance, and income redistribution.

Here, as with taxes, there is a depressing absence of any recognition of the rights of the individual. Kemp specifically chides libertarians for opposing income redistribution, since "the people, as a people, rightly insist that the whole look after the weakest of its parts." Indeed, he likens the American people to an "extended family," which justifies a generous government safety net of social services.

This argument ignores the fundamental difference between voluntary familial and charitable assistance, and coerced government assistance. Kemp never explores whether any moral principles justify forcing one person to support another—for however worthy a purpose. It is this failure, more than anything else, that marks the difference between a well-written political tract and a philosophical bible for a new political movement.

Finally, Kemp's discussion of defense matters begins by describing the military and diplomatic threats posed by the Soviet Union. He ignores the many weaknesses that beset the Soviet Union: the unreliability of the Warsaw Pact countries, the emergence of mainland China as an anti-Soviet power, the increase in religious and nationalistic fervor among the Soviet Union's minorities, and extensive structural weaknesses in the Soviet economy. Moreover, despite the Soviet numerical advantage, more than half of its forces are engaged in work that does not threaten the United States—construction, internal security, defense from China; its equipment is generally technologically inferior; and its forces operate under an inflexible and outmoded command structure. Finally, many of the Soviet Union's recent geopolitical gains, such as Angola and Afghanistan, are dubious at best.

Kemp's solutions are simple enough. For example, we should increase defense spending (despite the waste and the fact that up to two-thirds of our military spending supports foreign intervention); strengthen our alliances (even though we already have military relations with over 100 nations and have financed both sides of more than a dozen wars); support pro-Western forces (despite the past cost in lives and money, and the counterproductive effect in countries such as Iran); and, of course, strengthen our intelligence community (in spite of its past assaults on our civil liberties).

An American Renaissance is flawed by its failure to recognize or explore individual rights, whether in reference to taxes, government spending, or (unmentioned) victimless crime. Moreover, Kemp's unswerving support for increased government spending and power for defense illustrates the fundamental ambivalence of most conservatives to across-the-board personal freedom.

But despite the book's flaws, Kemp, a consistent defender of free enterprise who very recently voted against both the Chrysler bailout and the windfall profits tax, offers a fine utilitarian argument for tax cuts in a nonlibertarian world, as well as an enlightening discussion of energy and inflation. His arguments for individual responsibility, against government paternalism, and in support of a national initiative are also worth reading.

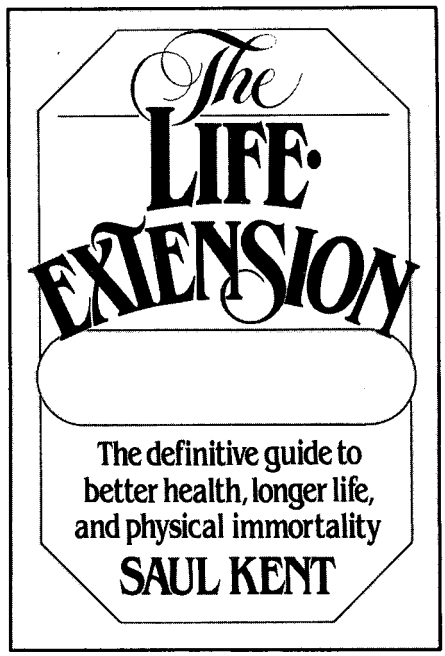
On a landscape of statists, who believe that only increased taxes, expanded government programs, *and* more government spending can solve our problems, Kemp offers a vision, though at times myopic, of hope for the future. It is incumbent upon libertarians to utilize the potential of such nonlibertarians to advance the cause of liberty, while clearly distinguishing libertarianism from conservatism, whether populist or traditional.

Doug Bandow is a Los Angeles attorney.

Living Longer

The Life Extension Revolution.
By Saul Kent.
New York: William Morrow & Sons. 1980. 465 pp. $12.95.

Reviewed by Durk Pearson



Saul Kent's book is thoroughly researched and well written, an excellent overview of the field of life extension. It is worth buying for the 750-reference bibliography alone! This book is not for everyone, however. In the introduction, Kent states the three purposes of this book: (1) to provide an objective, comprehensive picture of where we stand today in our efforts to extend human lifespan, (2) to assist the reader in living a better and healthier life, and (3) to provide an effective starting point for action. How well did he meet these objectives?

Of course, in a field as rapidly changing and complex as life extension, no one person knows more than a fraction of the extant knowledge. This book, therefore, is not comprehensive. A great deal of useful theory and data is left out. It is absurd, however, to expect *any* 20th-century technical book to be all-encompassing. A wide range of subjects have been well chosen for inclusion—from regeneration to cryonics, from evaluating rejuvenation therapies to transplants and artificial organs. It may seem like a book about futurology, but this isn't the future. This is now.

One serious deficiency is the lack of a glossary, even though many technical words—for example, "genome" and

"autoantibodies"—are used throughout the text. Because the technical level is so high, this book is not suitable for the average reader. It is written for professionals and well-educated, intelligent laymen (such as those who read *Scientific American* level material).

Kent's basic position is that we have so far produced little in the way of effective anti-aging technology. In this, I must disagree with him. I think he undervalues increasing *average* lifespan, which is much easier to do with current technology than increasing *maximum* lifespan. Since the maximum genetic potential lifespan for man is about 110-120 years (Kent's book tells you why those stories about 150-year-old men didn't pan out), increasing the average lifespan from its present 73 years or so to 110 is about a 40-year increase. While Kent argues that we don't know whether the diseases and symptoms we're learning to control (such as atherosclerosis) are causes or consequences of aging, I think that if physiological and biochemical features can be maintained at a young adult level, we probably are affecting basic aging processes, though not necessarily all of them.

Regarding purposes number two and three, it is important to realize that this is *not* a how-to-do-it book. While it provides an immense amount of data and a cornucopia of well-chosen references to guide further investigations, practical application information—dosage data, side effects, what responses to look for, etc.—are not provided. It is clearly not the intent of the author to attempt to do so. Therefore, unless you are prepared to do a very large amount of legwork following up items of interest, you will not be able to apply effectively most of the new technologies you read about. On the other hand, if you are serious about life extension, you will find many, many leads in this valuable work.

One significant omission you may notice is a discussion of the negative effects of governmental intervention on the development of life-extension technologies. The Food and Drug Administration, for example, is costing the American public over a billion dollars a year in terms of unneccessary suffering and dying because of unavailable medications. (See Sam Peltzman's *Regulation of Pharmaceutical Innovation,* American Enterprise Institute, 1974, for an extensive economic analysis of the FDA's effects on the drug industry.) Nowadays, it takes 8-12 years and $56 million on the average to take a drug from research past the FDA approval gauntlet and then finally to market. Over 90 percent of this cost is attributable to the FDA. Note, too, that US patents expire after 17 years. Only the largest firms can afford to pay the price and only then for drugs that promise to have a large return. It is unfortunate that Kent didn't include anything about this.

If new anti-aging drug therapies are to be made available, the FDA's obstructionism must be eliminated. I would like to see the FDA become a purely advisory agency. It could share half of drug labels and package inserts with the manufacturer. Each could unilaterally say what it wanted, and you and your physician, not a bureaucrat, would be the final arbiters. Best of all would be an "opt-out" form that any adult could sign to receive unapproved drugs; we could give up our FDA "protection" in exchange for taking our own risks when we use non-FDA approved medications.

In an excellent section, Kent tackles the frighteningly popular notion that industrial technology is largely responsible for carcinogens that produce our high cancer rate. He discusses evidence that, on the contrary, the principal factors responsible for causing cancer are "smoking, diet, hormonal imbalances, viruses, immune dysfunction, genetic abnormalities, and aging." He mentions persuasive evidence that food preservatives may have even contributed to the reduction in incidence of stomach cancer in the United States that has occurred since World War II.

In a chapter on rejuvenation therapies for the immune system, I was disappointed to see that nutrients which stimulate the immune system, including Vitamins A, E, C and the minerals zinc and selenium, were not included. The immune system—the body's self-defense forces—declines with age. Many of the conditions that occur with ever-increasing frequency with age, including cancer, atherosclerosis, arthritis, blood clots, and diabetes, can occur only if the immune system becomes defective. These nutrients, among other remedies, actually rejuvenate the immune system so that it doesn't fail to attack the bad guys (like cancer and atherosclerotic cells, bacteria, and viruses) and doesn't make a mistake and attack our own cells (the cause of rheumatoid arthritis, for example).

On the cover of *The Life Extension Revolution,* it says that this book is "the definitive guide to better health, longer life, and physical immortality." I will agree with this description except for the part about physical immortality. It's a bit early for that! But if you are willing to think in terms of doubling or tripling your lifespan, this book is a good place to start. I highly recommend it.

Durk Pearson, a consultant in wide-ranging scientific and technological fields, has made numerous national TV appearances in the past several years. His book on life extension, coauthored by Sandy Shakocius, will be published by Warner Books in late 1980.

What's This New Age Stuff?

New Age Politics: Healing Self and Society.
By Mark Satin.
New York: Delta Books. 1979.
349 pp. $5.75 (paper).

Reviewed by John McClaughry

Mark Satin is a 34-year-old former Marxist, labor organizer, draft evader, and exile in Canada who over the last few years has groped his way to a new understanding of the psychological and cultural roots of the human condition. Unlike Paul on the road to Damascus, Satin did not experience that great searing flash of insight that made a different man of him. But slowly, day by day, in the coffee houses of Vancouver and the classrooms of Toronto, wrapped in earnest conversation with fellow leftists and exiles, cloistered in the gloom of library stacks, Mark Satin came to realize that the path to progress, human values, and survival led not to a political ism, but to a new, transformed consciousness about human life and the responsibilities of human beings.

The result is this second edition of *New Age Politics,* superseding a first edition that the author painstakingly set in type himself in a small print shop in Vancouver. What Satin has tried to do in this work is to bring together and synthesize into a coherent whole the thinking of numerous "new age" writers and thinkers. Though that synthesis is occasionally marred by the author's obsession with recognizing the source of every thought, even the most mundane, it is nonetheless an important achievement, important enough that one can fairly recommend *New Age Politics* as the indispensable introduction to what is now being called "new age thought."

To attempt a brief definition, new age thought seeks to define a new, transformed consciousness that can help people to contribute to the creation of a more purposeful, humane, life-oriented, responsible, and satisfying society. New age thinking seeks higher levels of synthesis, beyond the ordinary level of political and doctrinal strife. It seeks to transcend a narrow materialism in favor of a heightened awareness of spiritual truths and mythic values. It steers away from the desire to accumulate wealth and power and dictate the affairs of others.

To illustrate this approach, Satin offers the paradigm of "The Six Sided Prison," a condition that he views not only as contrary to the flowering of human growth, love, and responsibility, but also as inimical to human survival in a very real sense. The first side of the prison is patriarchy,

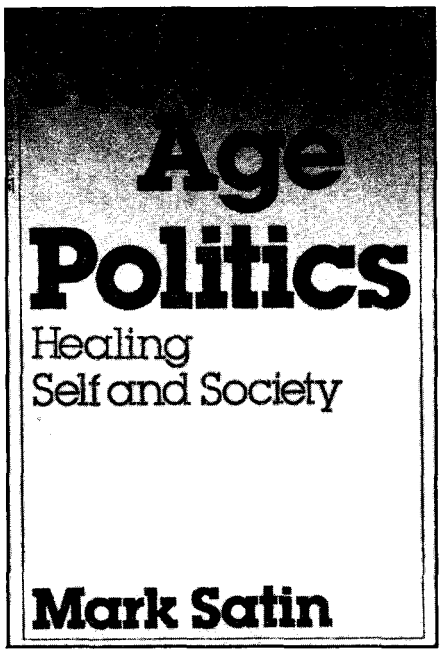
which Satin defines as a system of power relationships dominated by males. The new age answer to this is labeled *androgyny,* used not in its more common sense as "bisexual" but as "sex-transcendent." The second side of the prison is egocentricity, to which new age thought opposes a broad spirituality, a recognition that the self, while important, is not the force that makes the world go round.

The third side of the prison is scientific single vision, or reductionism—the attitude that nothing exists that is not quantifiable and that the whole is no more than the sum of its many parts. A "multiple vision" that recognizes the unmeasurables, the imponderables, and the mysticals is the new age alternative. The fourth side is the bureaucratic mentality, which views order, status, depersonalization, efficiency, predictability, and discipline as its highest goals. This mentality is contrary to the new age ideal of cooperative, participatory processes. The fifth side of the prison is the religion of nationalism, which new agers would replace with a combination of local patriotism and global consciousness. Finally, the new age approach places strong emphasis on the importance of human scale in all things, not a giantism that overcomes and dwarfs human beings and human values.

New agers emphasize such ethical values as self-development, ecology, cooperation, and nonviolence. Their social values include a sense of enoughness, autonomy, community, diversity, many-sidedness, humility before nature, reverence for life, and responsibility for other humans, for the earth, and for posterity. Their bane is monstrous, rigid systems—the defense establishment, compulsory educational systems, organized churches, mass-produced housing, nuclear energy—all of which constitute monolithic organizations and modes of production.

In economics, new agers reject the frenzied pursuit of profit, wealth, and power that they associate with the idea of capitalism. At the same time—and this is of profound importance—new agers are drawn, though not without some kicking and screaming, in the direction of a simplified, pure, small-scale economic system featuring a widespread dispersion of productive property, sound money, limited interference by the State, moral responsibility for one's acts, and freedom of exchange. This is obviously not a form of enforced collectivism but of anarcho-capitalism. But where capitalists, after Adam Smith, assume that the vector result of human acquisitiveness will equal the maximum benefit to society, new age thinkers insist that capitalism as a system must exhibit a concern for right livelihood, for human growth and development beyond the appearance of profit on the balance sheet, and for the social benefit from economic activity.

So much for a concise overview of the kind of thinking Satin organizes and summarizes in *New Age Politics.* The question now is, of what interest is all this to libertarians? The answer, I believe, lies in the fact that what appears to be a large and growing movement, not only in the United States but across a large part of the world, has converged upon a philosophy that, though it begins far removed from the libertarian premises of nonaggression, the free market, and individual liberty as against the State, nonetheless struggles toward the conclusion that new age values can best be achieved



through libertarian means. Indeed, it may become evident that those values can be achieved only through libertarian means, particularly if *libertarian* is defined broadly enough to include some varieties of left-anarchism.

This should be a matter of great importance to libertarians. For it offers hope for, at the least, a compatible tactical alliance, and at best, a new creative synthesis that preserves libertarian values but adds to them a broader and perhaps deeper understanding of the role of man in the universe, nation, village, and homestead.

It is always dangerous to characterize libertarians as a whole—careers have been destroyed in the attempt—but oblivious to the risk I will dare to suggest that the predominant concern of modern libertarians is the liberation of man from the clutches of the State. And well it should be, for the State has become a vast, oppressive engine, awesomely destructive of the energies and the very humanity of what Murray Rothbard calls "its hapless subjects." But exposure to new age thinking—and there is no better place to start than Mark Satin's book—will do much to sensitize libertarians to the importance of advancing a fully rounded philosophy of human liberty, self-development, cooperation, humanity, and moral behavior. This is not to suggest—God forfend!—that such concerns are absent from libertarian writings. But it is true, I think, that libertarians tend to lavish more attention upon invasions of liberty and the marketplace by the State than on the transformation of mankind into a new kind of creature who can, at last, achieve the highest and most cherished values of our race.

New Age Politics is, however, far from immune to criticism. While its synthesis of diverse new age points of view into one coherent whole is a major achievement, the book is marred by the author's virtually total lack of familiarity with libertarian writings. Indeed, Satin views libertarianism as an outmoded "industrial era philosophy" concerned only with protecting the marketplace from State interference in the name of greater production of goods and services—some useful, but many unnecessary and harmful. Of the 250 new age books listed in an appendix, only three—by Karl Hess, Scott Burns, and Leopold Kohr—can even remotely be considered libertarian. As to conservatives, with whom Satin is almost equally unfamiliar, only Robert Nisbet, Michael Novak, and Aleksandr Solzhenitsyn make an appearance. *Inquiry* magazine is listed, doubtless a tribute to its efforts to achieve respectability with the left, but no other libertarian publication appears among the 50 new age periodicals. At the same time, on the other hand, *New Age Politics* rarely misses an opportunity to kick the hell out of socialism and Marxism generally, a reflection of the author's personal hegira.

Finally, *New Age Politics* unwisely devotes 21 pages to a chapter hesitantly entitled "A New Age 'Political Platform' Offered as a Discussion Document." Better this discussion had never taken place. Satin has rummaged through public policy recommendations from sources as diverse as the contributors to the earlier part of his volume and has selected an astonishing assortment of proposals. To his credit, a number of the proposals are culled from a recent LP platform. But they are combined with a gallimaufry of statist claptrap that not only makes the whole thing absurd but also calls into question the value of a philosophy that can combine such hopeless incompatibles into one document, even a document labeled "for discussion only."

There is, however, in the new age philosophy a real possibility of a political platform tailored to advance new age values. And in the last analysis, that platform would look suspiciously like a libertarian platform. For it is becoming ever more apparent, to "new agers" as well as everyone else, that new age values cannot

be realized by decree of the State. New age values spring from the hearts of people, and the role of the State, if any, must be to allow those values to express themselves in voluntary, free activity for the benefit of society. That freedom, deriving from libertarian principles, coupled with a renewed sense of moral responsibility and spiritual appreciation drawn from the rich lode of new age thinking, can produce a higher synthesis acceptable to a large number of citizens, perhaps even a majority. By showing the way to this synthesis, however imperfectly, *New Age Politics* makes an extremely valuable contribution to contemporary political dialogue.

John McClaughry is president of the Institute for Liberty and Community, Concord, Vermont.

The Spy Who...

Smiley's People.
By John le Carré.
New York: Alfred A. Knopf. 1980.
374 pp. $10.95.

Reviewed by J. Roger Lee

One of Smiley's people is dead. He was murdered in London, on the Hampstead Heath, but in classic 20th-century Russian style. So, because the victim had been one of Smiley's agents and had been asking to contact him, George Smiley is summoned back from disgrace and forced retirement to take a quick look into the murder and show that the interests of the British Secret Service were not involved.

But it turns out that the interests of British intelligence are involved. That gives George Smiley another chance to grapple with Karla, his enemy from many prior books. And grapple Smiley does.

It's all here in this book. Precise and breath-taking logical inference, seamy murder scenes, a plastic brothel, violence, meticulous tradecraft, the horrid ugliness of death, and the probings of human weaknesses and strengths that we've come to expect from le Carré. And through it all the stolid, anhedonic George Smiley demonstrates the extraordinary brilliance and discipline that makes him successful in ways his personal inadequacies make it impossible for him to accept.

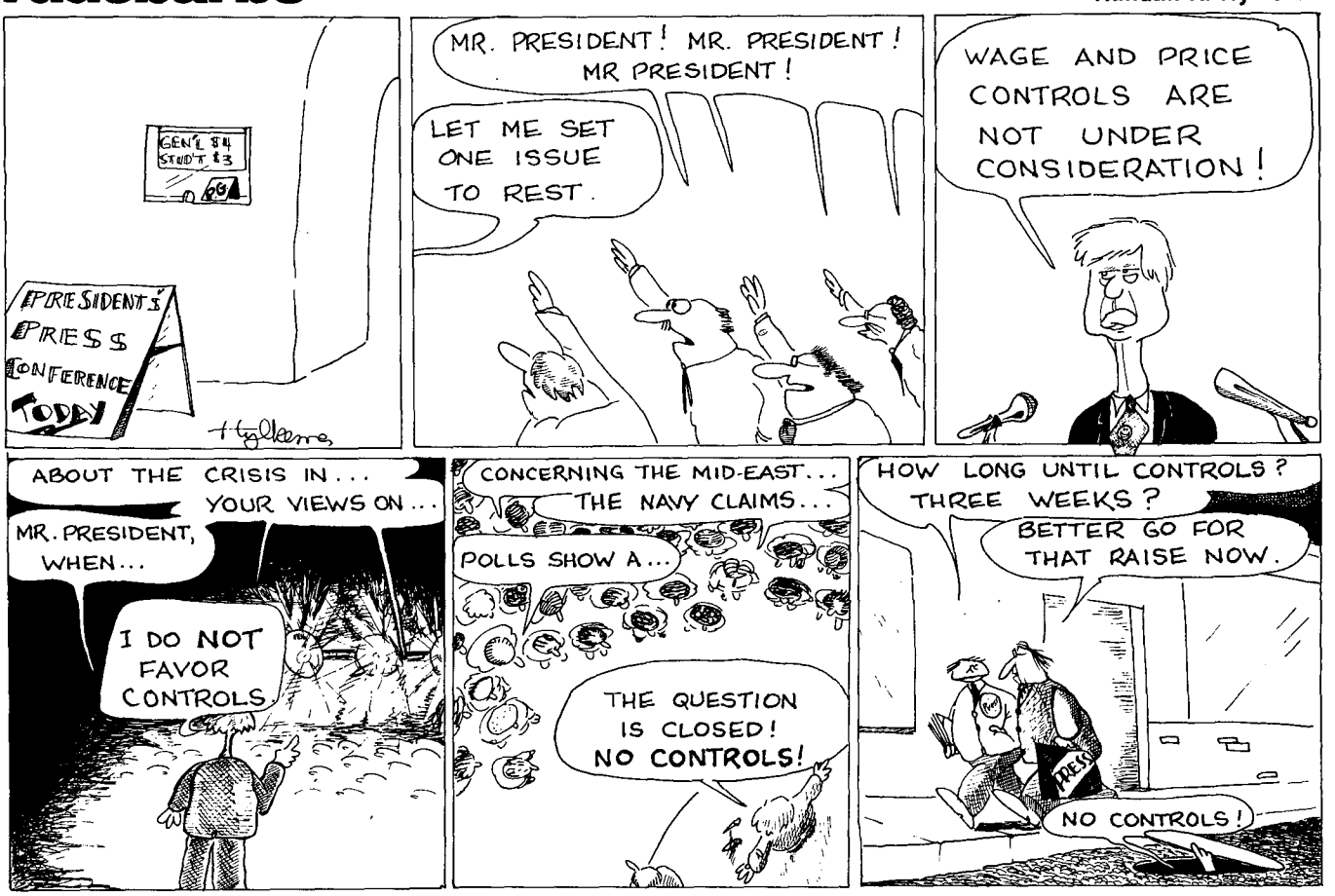
George Smiley is fascinating in this book as he is in the other books le Carré has written around him. His personal life is a shambles. His personal appearance is awful. His self-esteem is nonexistent except in the borrowed identity of an effective civil servant. But his presence dominates.

He draws our attention with his brilliant perceptiveness and disciplined reasoning. When he thinks a situation through, we the readers look excitedly because we know that we are witnessing thinking as it can and should be. We know, from a catalogue of the details Smiley attends to, that the way Smiley is doing things is exactly the way they should be done. Yet we are held in a sharp tension throughout the tale of operations because we know, from those same details, the many ways in which things could all go wrong. So le Carré sustains us in an excited apprehension along with an enjoyable awareness of Smiley's competence.

But also, there's the inexplicable in Smiley. Why, at the end of *The Honorable Schoolboy,* did he freeze in the face of be-

rudebarbs

Randall K. Hylkema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MR. PRESIDENT! MR. PRESIDENT! MR PRESIDENT!
LET ME SET ONE ISSUE TO REST.
WAGE AND PRICE CONTROLS ARE NOT UNDER CONSIDERATION!
ABOUT THE CRISIS IN... YOUR VIEWS ON...
MR. PRESIDENT, WHEN...
I DO NOT FAVOR CONTROLS
CONCERNING THE MID-EAST... THE NAVY CLAIMS...
POLLS SHOW A...
THE QUESTION IS CLOSED! NO CONTROLS!
HOW LONG UNTIL CONTROLS? THREE WEEKS?
BETTER GO FOR THAT RAISE NOW.
NO CONTROLS!

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trayal and perceived evil? What indecision keeps this extraordinary man from either clearly accepting or clearly rejecting his marital situation? Why does this person who excels at what he has chosen for his life's work deny himself a self-awareness of his excellence and the pleasure that should attend that awareness?

Ian Fleming, the former intelligence agent and author of the James Bond stories, said that John le Carré had ruined it for him and other writers of espionage stories by telling people what espionage work is really like. It's not like the adventurous, highly visible, high-living work that was James Bond's lot. What it's like is the work that other civil servants do. Sometimes it's exciting; sometimes it's completely awful, as in *The Looking Glass War* or *The Spy Who Came in from the Cold.* Almost always it's done in an oppressive atmosphere of alternating pressure, boredom, and moral greyness. But sometimes, as with a George Smiley, it can be difficult work, well done, by an admirable person. And thus, despite the fact that Smiley can't let himself see it, his actions form a picture of reasoned and realistic human achievement that stands out in relief from a heavy background of cynicism and greyness—a picture of something exemplary in the human condition.

J. Roger Lee teaches philosophy at California State College at Los Angeles.

Coming Next Month:

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Plus Murray Rothbard's Viewpoint, Tim Condon's Taxes, a Jim Davidson book review, John Hospers on recent movies, and all of REASON's regular features.

television

Throwing a Sop To the Kremlin

By Tibor Machan

Contemporary television melodrama isn't my usual fare, mainly because invariably the bad guys will do anything for a buck and the good ones are good simply by meaning well for the downtrodden. But NBC-TV's recent showing of the two-part soap opera *The Golden Moment* had the plot to intrigue the cultural anthropologist in me, if not the aesthete.

Actually, the plot of the movie is a variation on an old familiar theme: American boy—a cowboy to boot—trains for the Moscow Olympics, in the most arduous of all events, the decathlon. At an early US visit by the Russians, he meets demure and entirely wonderful gymnast, and they promptly mistake having a joyful time as deep romantic love. From then on the question is, will the cowboy make it to the games?

No mere athletic ambition motivates our young sensitive stud. He has heart, unlike the man everyone must beat, a fellow who is called the black shadow and who is so obviously being primed for major media and related exploitation once he wins the gold that only the crassest of commercialists wouldn't look askance at this rendering of the essence of Americana. (Ed McMahon has the role of the greedy businessman in this one, evidently trying to live down his decades of pitching anything to us on TV in his real life.)

Now the story isn't worth a lot of telling, believe me. There is just one element of it that needs to be said good and hard. Its politics, the bit of it we get here, is vile. After the all-so-wonderful Russian gymnast wins her gold, and our hero, who did make the games and won the silver, the two discuss their prospects for togetherness. From the bozo who wrote this script we get a monologue on loyalty to family, community, and country—in this case the good old USSR—which only a true-blue fascist (outside of, of course, a communist) could appreciate fully.

After our sobbing gymnast explains why the two infants—which is the only way to look at the mindless characters these two play—cannot join because she cannot possibly leave her country to which she owes all so much and defecting from which would be oh such a heinous betrayal, one cannot escape the thought that NBC-TV concocted this atrocity before the US team had to withdraw, somewhat on the order of a burnt offering to the Kremlin. The insult embodied against all the Einsteins, Nureyevs, Baryshnikovs, and thousands less famous who had the courage to risk life and limb to flee tyranny is so gross, so blatant, that it overshadows the flick's attack on American capitalism via the bit with Ed McMahon and "the black shadow."

If anyone ever believed that help toward the realization of freedom is going to come our way via NBC-TV, forget it. All these folks seem to know is how to denigrate themselves and their own best friend, the free society, for thirty pieces of silver.

Tibor Machan is a senior editor of REASON.

letters

(Continued from p. 8.)

It is not even necessary to *have* a clearly conceived moral framework (much less to articulate it) to observe as a matter of fact that, for instance, theft adds nothing to an economy. Nor is it necessary in devising means of protection against thieves for us to agree whether theft is immoral.

Carrying this to a broader dispute among libertarians,... it is not necessary to choose between the so-called "anarchist" and "minarchist" positions at a time when the chances of achieving even a reduction to the old "limited government" goals seems far in the future.

Similarly we find a great deal of ink spilled by those (including Friedman) who worry about cutting off government aid programs too quickly and those who decry such talk as "gradualism." Gradualism is built into the system we're fighting, and there's little danger that any government program would be cut away too quickly no matter how hard we try.

Differences on ultimate goals should be aired, of course, but they should be recognized as contingent and secondary to those intermediate goals we all agree upon, and particularly those which are ripe for immediate action.

Philip M. Carden
Nashville, TN

classifieds

ANNOUNCEMENTS

THE FOLLOWING AD is going into national newspapers to attract those ignorant of the movement: List of Ayn Rand fans and pro-Rand organizations. $5.00, Box 3438A, York, PA 17402.

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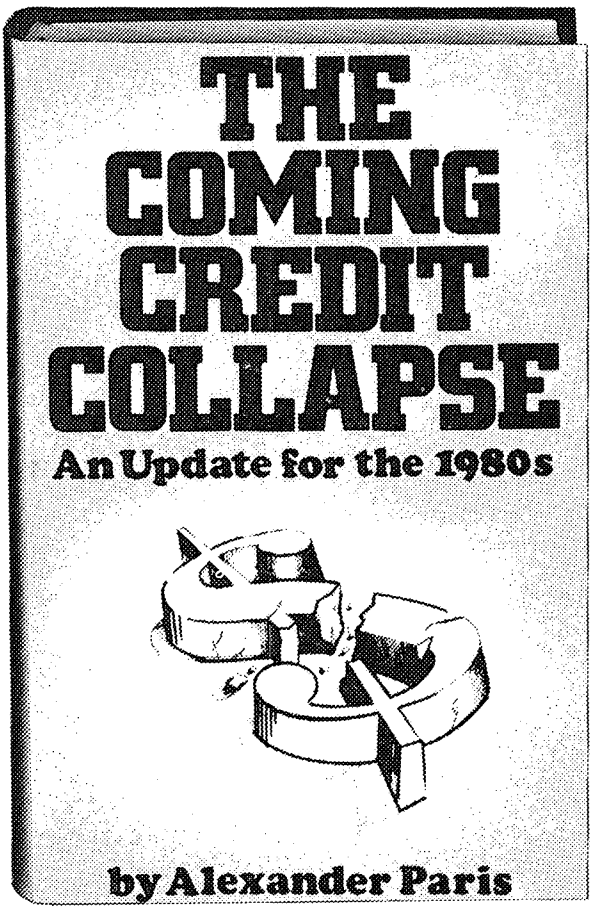

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